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ABSTRACT

These proceedings contain 3 speaker presentations and 17 workshop papers from a conference of experts who are involved in creating environments that encourage people to be creative, innovative, and entrepreneurial. The speaker presentations are "Creative Public-Private Sector Ventures--'The Success Series'" (Bettianne Welch), "Just Do It" (Wally "Famous" Amos), and "If Constructively Creative Divergent Thinking Equals Entrepreneur...How Can We Help Create More of Them?" (Arthur Zipper, III). Workshop papers include "The Visionary Entrepreneur" (Sidney Parnes); "New Business in America: A Second Report on Research in Progress" (William Dunkelberg, William Dennis); "Entrepreneurship Education for Inner City Youth and Adults: An Innovative Approach" (Peter Crabtree, Jim Hamp); "Developing a City-Wide Program to Promote Creativity, Innovation, and Entrepreneurship" (Dan Pursuit); "Business Development Program" (Gene Atherton, Mark Menente); "Creativity: Its Practical Applications--Learning the Rules of Creative Action" (Bruce Honig); "The Entrepreneurial Phenomena" (Erik Winslow, George Solomon); "Home-Based Business: An Overview" (Thomas Gray); "Helen's Kitchen--A Recipe for Success" (Helen Smith); "Managing Creativity and Innovation" (H. Daniel Stage et al.); "Growth through Merger and Acquisitions" (Arthur Schaefer et al.); "Innovative Leadership for Enterpreneurship Education" (Linda Van Ballenberghe et al.); "Exploring Creativity in Formal Organizations" (Bruce Whiting); "Managing Creative and Innovative Activities" (L. W. Fernald); "Developing a Research Tool to Identify Corporate Entrepreneurs" (K. Mark Weaver); "Small Business in the Year 2000" (Thomas Gray); and "Who Uses Small Business Training? A Profile of Small Business Owners Most Likely to Use College and University Training and Education" (W. F. Kiesner). An agenda and participants list are appended. (YLB)

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Keys to the Future of Small Business

Proceedings from the 4th Creativity, Innovation, and Entrepreneurship Conference

March 20-21, 1987

Los Angeles, California

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PROCEEDINGS

FOURTH CREATIVITY, INNOVATION AND ENTREPRENEURSHIP CONFERENCE

LOS ANGELES, CA.
MARCH 20-21, 1987

KEYS TO THE FUTURE OF AMERICAN BUSINESS

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FOREWORD

The Fourth Creativity, Innovation and Entrepreneurship Conference, Keys to the Future of American Business, was held on March 20-21, 1987, in Los Angeles, CA. This conference offered an opportunity to hear from leading experts and entrepreneurs who are involved in creating environments which encourage people to be creative, innovative and entrepreneurial.

These Proceedings present the substance of the conference. I wish to acknowledge the many contributors for their excellent papers.

Special thanks to the staff of the National Center for Research in Vocational Education, Ohio State University, for printing the proceedings; Loyola Marymount University for hosting and supporting the conference; and to Venture Magazine for promoting it.

Finally, our appreciation to the other organizations for their support: George Washington University's Department of Management Science, National Federation of Independent Business Foundation, Ernst & Whinney, Inc., Control Data Corporation, Bell Atlantic and The Creative Education Foundation.

Entrepreneurs are the visionaries of tomorrow. Understanding them and their contributions to society hopefully, will benefit us all.

John R. Cox
Associate Administrator
for Business Development

CREATIVE PUBLIC-PRIVATE SECTOR VENTURES
"THE 'SUCCESS' SERIES"

Presented By: Bettianne Welch
Bell Atlantic
Staff Specialist - General Business Marketing

PROJECT BACKGROUND/EVOLUTION

Bell Atlantic's involvement in this project began in October, 1984, as a result of discussions with the Director of the Office of Private Sector Initiatives of the Small Business Administration (SBA). These discussions focused on the identified need of the small business owner to improve his knowledge of marketing, planning, and operation skills. A public/private partnership was established to deliver this much needed training to the small business arena.

The first symposium, "Success '85", was delivered in the Washington, D.C. area on April 26, 1985. Upon completion of this initial seminar, an evaluation was conducted and a determination made to continue through 1985. This initial symposium was followed by five additional sessions throughout the Bell Atlantic region. As a result of the overwhelming success of the series, the partnership was extended into 1986 and 1987. The 1987 series will kick-off on April 24, 1987 at the Newark Airport Marriott.

LICENSING AGREEMENT

The overwhelming response to our "Success" series prompted development of a Licensing Agreement package for the purpose of extending these seminars nation-wide. We received agreement from the Small Business Administration (SBA) to offer this package to the other Bell Regional Operating Companies on an exclusive basis for their coverage areas. To date, two agreements have been finalized. BellSouth and Southern New England Telephone will be staging 11 symposiums in their areas in 1987, bringing the total of "Success '87" symposiums to 17.

SLIDE PRESENTATION SUMMARY

I. Bell Atlantic's Decision to Target The Small Business Market Via A Symposium Series

Bell Atlantic reviewed the following facts about the small business marketplace:

- Small business expected to grow 3.6%
- 43% of America's workforce is employed by 14 million small businesses
- 63% of America's workforce gets its first job in a small business
- Small business has generated two thirds of America's major innovations since World War II.
- Minority owned businesses have increased 81% between 1972-1982
- Female entrepreneurs have increased 35% each year since 1982, while male entrepreneurs have increased 7%

In the Bell Atlantic region (New Jersey, Pennsylvania, Delaware, Washington, D.C., Maryland, Virginia, and West Virginia), there are over 1.7 million small business customers in the 1-20 C.O. line size.

II. Project Goals for Bell Atlantic

- Determine needs and wants of small business customers in a symposium environment
- Establish Bell Atlantic as vendor of choice to small business community
- Set-up working relationship with the U.S. Small Business Administration
- Provide additional avenue for sales leads from small business customers via an exhibit area
- Launch first symposium in April, 1985

II. "Success" Symposium Plan

- One-day sessions across region
- $99.00 tuition - pre-registration
- $135.00 tuition - on-site
- DMDR piece as registration vehicle
- Structured agenda (7:30 a.m. - 7:00 p.m.)
    - Opening Session
    - Break-outs
    - Luncheon
    - Break-outs
    - Cocktail reception in exhibit area
- Small business persons as speakers
- Exhibit area
    - Bell Atlantic products and services
    - SBA services
- Joint PR
- Evaluation forms at each session

III. "SUCCESS" ATTENDEES

A. Top 10 Industry Segments by Attendee

		%
242	Business/Personal Services	13.6
241	Professional Services	13.2
135	General Merchandise Retail	8.4
311	Health Care	8.2
139	Wholesalers	6.9
243	Utilities/Software	6.4
114	Construction, Engineering, Architecture	5.1
321	Education	5.1
141	Media/Recreation	4.9
231	Insurance	4.5
		76.3

B. Registrant's Company Size by Number of Employees

Regional Overview (Based on 1,597 Paid Registrants)

Number of Employees	Total	Percentage
0 - 25	884	55%
26 - 50	136	8%
51 - 75	41	3%
76 - 100	34	2%
101 - 200	59	4%
201 - 300	18	1%
301 - 500	6	.04%
501 - 1000	6	.04%
OVER 1000	1	.01%

IV. REGISTRATION INFORMATION

- 1985 - 1,211 Registrants
- 1986 - 1,597 Registrants
- 1987 - 1,600 Attendees Forecasted

V. EVALUATION FORM RESULTS (1985 AND 1986)

1.	Attendees Would Recommend Symposium	96%
2.	"Success" Provided Useful Information	97%
3.	Symposium Exceeded or Matched Expectations	98.5%

VI. 1987 SYMPOSIUM DATES/SITES (BELL ATLANTIC/SBA)

April 24	Newark, New Jersey
May 15	Philadelphia, Pennsylvania
June 12	Baltimore, Maryland
September 18	New Brunswick, New Jersey
October 9	Pittsburgh, Pennsylvania
October 30	Williamsburg, Virginia

VII. 1987 LICENSEE SYMPOSIUM DATES/SITES

BellSouth/SBA

Nashville, TN	May 1
Charlotte, NC	May 29
Birmingham, AL	June 26
Fort Lauderdale, FL	Sept 11
Jackson, MS	Oct 16
New Orleans, LA	Oct 23
Louisville, KY	Nov 6

SNET/SBA

Cromwell, CT	June 5
Waterbury, CT	September 11
Stamford, CT	October 16

VIII. SUMMARY SLIDE

Benefits

- Customer Recognition
- Knowledge of Small Business Market
- SBA/Bell Atlantic Relationship Developed
- Increased Sales Avenues
- PR Benefits for Corporation
- Other Opportunities

The public/private partnership between Bell Atlantic and the SBA has been exceedingly beneficial to both organizations.

It is Bell Atlantic's hope that this project will encourage other corporations to enter into their own public/private partnerships.

JUST DO IT

By

WALLY "FAMOUS" AMOS

"Somebody said that it couldn't be done. But he, with a chuckle, replied, well, maybe it couldn't but he would be one who wouldn't say so until he tried. So he buckled right in with a trace of grin on his face. If he worried he hid it. He started to sing as he tackled the thing that couldn't be done, and he did it. Somebody scoffed and said, `you'll never do that.' At least no one has ever done it. And he took off his coat, and he took off his hat and the first thing we knew he begun it. With a lift of his chin and a bit of a grin, without any doubting or quitting. He started to sing as he tackled the thing that couldn't be done, and he did it. There are thousands to tell you it cannot be done. There are thousands to process the failure. There are thousands to point out to you one by one the dangers that wait to assail you. But just buckle right in with a bit of a grin. Just take off your coat and go to it. Just start to sing as you tackle the thing that cannot be done, and you'll do it."

The above piece, by Edgar Alan Guest, is what I call the entrepreneur's antheme, the entrepreneur's creed. For me, it sums up what entrepreneurship is all about. That's all I did twelve years ago. I "went out and did what others said could not be done." Famous Amos Cookies celebrated its twelth birthday March 10th. Twelve years old, wow. Battered and bruised but still moving on.

It was twelve years ago that I had an idea; that I said, "I'm going to open a store that sells chocolate chip cookies," and I did. It took me five months from the time I made my decision until we opened the first store. It reminded me that that's the way this country was built. People having ideas and doing them. I didn't go around and ask hundreds of people what do you think of my idea. I didn't go around trying to get everyone's opinion, and everyone's consent and approval. People had ideas and they implemented them, in times that were worse than these. They had no where near the technology we have available to us today but they still did it. That's all you have to do.

I was in Oklahoma City a few weeks ago, doing some promotion at one of our stores. Two ladies came up to me and said they have been wanting to meet me and talk to me for quite some time, wanting my opinion on an idea they've had. I said, "I don't know, don't even ask me. I don't want to know. I don't have the answer for you. I don't even want to know what your idea is because I can't help with it. It's your idea. How many opinions do you need before you decide to start doing it? What's the cut off? Fifty, one hundred? Let me be the last person you ask an opinion on your idea. Just go do it."

I gave a talk a while ago at Niagra County Community College outside Buffalo and after my talk this lady says to me, "Well, you know, I've been thinking about going into the restaurant business for a number of years." I said "What have you done about it." "Well, nothing, but what's stopping me is the money." I said, "well what have you done to get the money." "Nothing." That's the mentality that we are dealing with. We must begin to take our ideas and move forward with them. If I can do it, anybody can do it. I'm a high school drop out. I have no business training, I don't have an MBA. Education and degrees are nice but sometimes they hold you back. If I had an MBA I don't think that I ever would have gone into the cookie business. I would have done my proforma, my projections, I would have done all my analyses and I would have come to the conclusion that there's no way in the world you could make a living selling chocolate chip cookies. So in my ignorance, in my naivete, I didn't know it couldn't be done.

I love the picture, BEING THERE with Peter Sellers. The character Peter Sellers plays, Chauncey had been a gardner all his life, had never left the house. The guy who owned the house died and left Chauncey nothing and he was thrown out into the street. He knew nothing. He'd never been outside. He was so innocent. The whole punchline of the movie was, for me, at the end of the movie. They were burying a friend that Chauncey met who owned this large company. Chauncey had become his advisor, and giving him all these pearls of wisdom, telling him things he had learned in the garden. He became his confidant. This man had just died and all these people were vying for the company and Chauncey didn't care. He just started walking away from all these people and the last scence of the movie you see Chauncey and he walks on water. Cause he doesn't know you can't walk on water.

Like Chauncey, you can do anything you want to do. I'm sure, each and every one of you have had that experience at least once in your life. Where there was something that you wanted so badly, that Napoleon Hill calls "the burning desire." It could have been something so small, so insignificant . But you made it happen. You take that same energy and you apply it to anything; to sending a man to the moon, to writing a movie. It doesn't matter what it is. The steps to the process are all the same. You take that same burning desire, that energy and you apply it to whatever it is that you want to do.

I was so excited when I was putting Famous Amos together. It was an incredible time in my life. I went into Famous Amos coming out of what must have been the worst time in my life. Having no money, debts up to here. Not knowing which way to turn. In almost a snap of the finger I went from that attitude into putting Famous Amos together. It happened in a flash. You see, we're in charge. Your're in charge. Everything is your decision. Nothing has to be drawn out over months and years. We do that because of our belief system, because of what someone else has told us. But that's a lie. It can happen in a blink of an eye. It really can. And I know it can because it happened to me. If it happens with me, it can happen with anyone.

I put Famous Amos together. I would go to sleep at night thinking of ideas. My imagination was just running crazy. It was so exciting. I had never done this before. I was in show business for fourteen years. And the emphasis is definitly on show, not business. You ask anybody in show business what is cash flow and they'll look at you like you are crazy. They think it never stops and when it stops they all panic. They don't deal in cash flow. So I had no experience in doing a retail business. But I knew if it had to do with food the health department would have something to say. I had a friend check out the health department and find out what are the requirements for opening up a store selling chocolate chip cookies. That was my beginning. The most important step I took was that one. You don't need to know what's the beginning, middle or end. You just need to begin. One step leads to the next. It's so simple. It's so basic. But we complicate it. The fastest runner in the world will never cross the finish line unless he begins the race.
We all have these fears that prevent us from beginning. A young girl yesterday said she was so afraid. When I asked her what she was afraid of she said so many changes. Everything changes. Nothing is permanent. The only thing that is permanent is change. So what you have to do is make change work for you. View change differently. See it as wonderful. It's all perception. See change bringing good to your life. You are creating it all

by thoughts anyway, moment to moment. When you accept change then you know that you are a part of that change. Change can bring whatever you want.

People say, "But it's so risky." I understand that one. What's risky? Everything is risky. What's a guarantee? Can anyone tell me what's a guarantee. Nothing. It's all temporary. We don't know. We make plans, we should make plans. But you don't know what's going to happen. You give it your best. You give it everything you've got. And you keep going. But I believe that by giving it your best, that produces the positive results. That's the guarantee. There are very few things that you can give your best to, give your total effort to, your total energy to, that will not produce positive results. And if it doesn't, it wasn't meant to be and then go on to something else. In the process, you will probably be led to something better then you were trying for anyway. You've got to trust the universe.

I came across this piece, and I don't know who wrote it but it talks about risking. "Your strongest values can stand the test of challenge. You will risk a lot to act on things that are most important to you. If someone you love were in danger of drowning you might risk your life to save him. Or if you believe strongly in justice you might risk ridicule to stand up for someone who is being treated unfairly. All risks, reaching out, testing yourself, trying new things, accepting the challenge, involve putting your values on the line. Sometimes the greatest risk may not be climbing the shear rock face of a steep mountain. It may be more risky to tell someone that you are lonely or to say I'm sorry. There are many kinds of risks in life: emotional, intellectual and physical. The important ones are those that help you grow and express your values. To laugh is to risk appearing a fool. To weep is to risk appearing sentimental. To reach out for another is to risk involvement. To expose feelings is to risk exposing your true self. To place your ideas, your dreams before the crowd is to risk loss. To love, is to risk not being loved in return. To live is to risk dying. To hope is to risk despair. To try at all is to risk failure. But risk we must because the greatest hazard in life is to risk nothing at all."

That was my attitude when I opened Famous Amos. I had been in show business for fourteen years. And I figured I could always do that. I could always go back to being an agent if I wanted to. To be a record promoter. To doing anything in the business side of show business. I had many contacts and I was very good at what I did. And I had a good reputation also. I had burned no bridges so I knew that that would always be available if I wanted it. So I wasn't giving up anything, you see. I had nothing to lose and everything to gain. What I did also was, I cut that lose totally. You can't stradle the finish. You can't be over here and over there also. You can't divide your energy. You need to do what it is your going to do. You need to give it your total attention. I had a friend, a colleague, we were working together and he said we ought to hold on to a couple of clients because we don't know how this is going to happen. I said, no, no. I've already done that. I don't want to be six months down the road, and say, If only I done such and such. If only I'd given it more time. Don't put yourself in the position of having to say if only. Do everything your supposed to do the first time. Do it right the first time. My accountant said, "Well Wally, maybe you ought to just bake cookies out of your house do see how it's going to go." I said, "No, you don't know how cookies are going to go in a store by selling them out of your house. You got to open the store." It's common sense, You have to do what you want to do the way your ultimately going to do it. What I wanted to do was open up a store, just one store, selling cocholate chip cookies. Not out of my house. I wanted the store. So I did that. Found the location, got everything I thought I would need. I never took any short cuts. There are no short cuts in life. If you don't want to succeed, take short cuts. If you want to miss the mark, take short cuts. But if you want to make it, give it everything you've got. Go all out, go 100%, go 200% everytime. Because that's what produces the results.

So I had my store, I fixed that store up. I made my store so pretty. People said it's a bad luck corner. 7181 Sunset Blvd. It's on the corner of Sunset and Fermosa. My friend said this is a bad luck corner. I said, What did this corner do to be a bad luck corner. I don't believe in luck, there's no such thing as good luck even. The harder I work, the luckier I become. You know I want to be some place, and just because I'm there, God is going to look friendly and say this is your turn now, here take this. No. Thousands of cars everyday go by that corner. What a great corner. I've got a permanent billboard right on Sunset Blvd. Do you know how much it costs to buy a billboard on Sunset Blvd? Thousands of dollars. I've got one. I fixed that corner. I want this corner to shine. And the standard by which I measure everything I do is the cookie. The quality of the cookie. I know it's a good cookie. I don't need anybody to tell me. I've been eating them for years.

What you do you have to do to satisfy yourself. Not someone else. I make those cookies to please me. Because I want to eat the best. I want to taste a lot of chocolate. I want to taste a lot of pecans. I want to see the ingredients. I'm not going to sell you anything that I don't want to eat. Ask yourself, "What are your values? What are your standards?" They've got to be high. So that's the the standards by which I measure everything I do. That's the standards by which we put Famous Amos together. But even though I had never done it before, I just did it anyway. You can do anything you want to do. Making cookies at home, I've got a mixing bowl. Well, I need a bigger mixing bowl. I've got a refrigerator. I need a bigger refrigerator. I've got a little oven, well I need a bigger oven. The ingredients, vanilla extract, semi-sweet chocolate. And you'll get people who will try to talk you out of your idea. I talked to this salesman, Leo. He'd been in the business a long time. I want all-purpose flour, vanilla extract, semi-sweet chocolate. All the things you can get in a grocery store. He said, no you don't. None of the bakeries are using that. That was my first clue that I wanted it. I want to make some different from what everyone else is making. I want to express my individuality, my uniqueness. So I said, Leo, I want pure vanilla extract, get it for me. He got it. I want semi-sweet chocolate. He got it. I let Leo talk me out of one thing. He said you really don't need all purpose flour. There's a cookie blend cake flour that the bakeries use, costs you less money and works just as well. I said, Ok, let me try it. I used that flour and cookies came out green. Hard as a rock. I called Leo and said, Leo, if you don't come and get this flour out of my store and bring me some all-purpose flour I'm going to bring it down there myself and dump it all over your desk. You've got to stick to your guns, cause it's your idea. You set the standards, for what it is your trying to do. And everybody else is supposed to be a support unit is supposed to serve you in what you're doing. And if you can't find someone to give you what you want, cancel that person and look for someone else. Because there is someone out there who will sell you what you want. So you got to keep looking, you've got to stick to your guns. Don't ever let people talk you out of what you really feel. You've got to be flexible; I'm not saying being a dictator but what you know in your gut. If you set standards up here don't come down to here. Stay up here. People will always pay for quality.

When I first started I determined the cookies were worth $3.00 a pound. I figured what my costs were. I didn't know what margins were but I wanted to make more money than I was spending, I knew that much. Besides, I said, "these cookies taste good, they are worth $3.00 a pound." A friend of mine said I should charge $2.99. $2.99 sounds good. But listen, people know when it says $2.99 that it's $3.00. I'm not trying to fool you. It's value. I'm selling value. You'll taste it. You've got to make a committment to what it is you want to do. I think committment is one of the strongest words in the English language. Nothing happens until you say I will. Not I hope or I'll try.

Trying, that's another word. Let me give you a little insight into trying. We use that word alot. It's a cop out. There's no such thing as trying. My printer, the other day, wasn't working. On the screen, it said trying to print. But it wasn't printing. It's not "a trying to print", it's a printer, printers are supposed to print. So obviously, if you're trying to do something you're not doing it. Quit trying. It's in the doing. When you say,"I will", that makes you do it. It gets you on to doing it. Don't say trying.

I want to close by sharing a piece with you that I close with often and it sums up alot of my thoughts and I think it says it all, really. Don't procrastinate. Don't worry about failure. There's no such thing as failure. It's a process. Life is a process. And with each experience you learn a little more and you get closer to the goal. Henry Ford said failure is not a failure but an opportunity to begin again more intelligently. Thomas Edison, he didn't fail nine thousand nine hundred ninety nine times. It took him ten thousand times before he created this light that we are sharing today. It's time you learned a

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little bit more about what you are doing. You got to keep trying. You got to keep doing it and trying. Every day you've got to do something to get you closer to your goal. You've got to persist. You've got to persevere. There's no such thing as failure. God didn't create you to fail, you can't fail. You can only succeed. If you stop, obviously you will fail, at anything, if you don't do it. But do it, just do it.

This is a piece called "Do It Anyway." You can apply it to anything. "People are unreasonable, illogicial and self-centered. Love them anyway. If you do good, people will accuse you of selfish ulterier motives. Do good anyway. If you are successful you will win false friends and true enemies. Succeed anyway. The good you do today will be forgotten tomorrow. Do good anyway. Honesty and frankness will make you vulnerable. Be honest and frank anyway. The biggest people with the biggest ideas will be shot down by the smallest people with the smallest minds. But you've got to think big anyway. People favor underdogs but they follow only top dogs. Favor the underdog anyway. What you spend years building, might just be destroyed overnight. But you better build anyway. People really need help but they may attack you if you help them. So what, help them anyway. Give the world the best you've got. If you get kicked in the teeth, I don't care. You give the world the best you've got anyway. Cause you've got a lot to give." When you give less than your best the first person you cheat is you. You're the loser. And society loses. We don't want to cause any losses in this world. So give your best. And above all do it.

Just quit talking about, quit getting peoples opinions, don't research it to death, do whatever you need but know they are no guarantees. You're not going to find out how well you are going to do, you're not going to know how much money you're going to make. I don't care how many proformas you do, how many projections you make. You're never going to find out how much you're going to make until you do it. It's in the doing.

Venture
FOR ENTREPRENEURIAL BUSINESS OWNERS & INVESTORS

Text for Address to: 4th Annual
Creativity, Innovation and Entrepreneurship Conference on:

"Keys to the Future of American Business"

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IF CONSTRUCTIVELY CREATIVE DIVERGENT THINKING EQUALS ENTREPRENEUR... HOW CAN WE HELP CREATE MORE OF THEM?

By: Arthur Lipper III, Chairman
Venture Magazine .. Association of Venture Founders
Gifted Children Monthly .. Gifted Children Advocacy Association

The early training of children will make the difference.

Thinking differently, and at times acting differently from other people is part of the accurate description of a successful entrepreneur. The successful entrepreneur is forced to be different to succeed. He or She must accept higher levels of risk and responsibility to achieve their objectives than those content to be employed.

Why is being a divergent thinker such a common characteristic of the successful entrepreneur? Could it be because entrepreneurs are able to find solutions to problems or opportunities facing others? Is an entrepreneur, almost by definition, a creative problem solver? If the easy definition of entrepreneur is "one who accepts risk in the pursuit of profit" wouldn't a more satisfying one be "one who creates the opportunity for earning profit by seeking to solve recognized problems"?

Please note my suggestion that the problem has to be one which is recognized as otherwise the entrepreneur offering the product or service faces the additional chore of creating a marketplace demand for the product. This is one of the distinctions between entrepreneurs and inventors. There are also a number of similar traits which entrepreneurs and investors share. The inventor all too frequently creates an elegant solution to a problem which does not exist, or exist in sufficient quantity to justify the cost of the solution.

One of the reasons why such a high percentage of new businesses relate to food distribution or processing is that the need to eat is ever present and a market demand does not have to be created. The product or service simply has to have greater appeal than competitive products or services. Also most people have a familiarity with food processing and distribution and have thought about doing some part of the process better. In this case, such familiarity also breeds comfort. Not surprisingly perhaps, the food businesses being relatively easy to enter has a very high mortality rate. The easier, and less expensive, it is to get into a business the more unqualified people will enter and therefore ultimately be forced to leave.

One of the problems facing the investor in early stage, privately owned, entrepreneurial enterprises is that of the entrepreneur, particularly if he is also an inventor, always sees clearly an existing need and therefore market for the product or service. All too frequently there is an absence of any independent confirming evidence. Entrepreneurs most frequently assume their perception to be that of others, or at least of how others should or inevitably will. in time, perceive the matter. This is frequently not the case and can be the cause for disappointments and financial loss. Classically, entrepreneurs do not use market research to the same extent as their employed corporate counterparts. The fear of failure of the entrepreneur is as much a fear of failing to achieve his destiny as it is of having a product fail. The career risk considerations of the employed executive, and availability of resources with which to buy market research services, make for the "ready, aim, aim" scenario versus that of the entrepreneur which has been described as "read, fire, aim".

The question of training people to think more creatively is an important one for any society. Modern societies depend upon innovation to grow and prosper. Motivation and intelligence usually lead to innovation but the finding of better ways to achieve a result can be hastened by those who see things differently and, at times, radically differently.

Perhaps the early definitions and indications of right and wrong should be re-examined. When a child plays with blocks is he praised when he completes something which looks like a house is built? Is he less, or not, praised when the finished result is unrecognizable to the adult observer? Do we force children to think as we ourselves do or how we believe they should? Why must all pictures of barns show them as being colored red?

The challenge offered by Sid Parnes as a part of his Creative Problem Solving Institute of "in ten minutes list all the good things which come from an airline crash" is one which forces students to think differently. Let's do something like it now. List in one minute 10 benefits those who may be impacted of my dying dramatically, this very instant. Do it now please.

Do you have your list? Here's mine; 1. Properties and companies I own will be managed differently (and probably better). 2. Properties will perhaps be sold (which would result in illiquid assets being exchanged for assets having greater liquidity as well as new opportunities for the buyers). 3. Family members and associates will be forced to become more independent. 4. Associates and family members will have a different range of opportunities (widows do remarry). 5. Insurance proceeds. 6. This talk would be over (and be forever memorable). 7. My enemies will be pleased. 8. What a wonderfully painless and dramatic way for me to go. 9. Future mistakes and poor decisions I would have made will not have to be made. 10. I was able to leave the party as a winner.

As I write this talk I am amused to ponder whether the speaker following my terminal presentation would have the presence and good sense of humor to say something about my being "a tough act to follow"? I certainly hope he would, as, under the circumstances, it would be appropriate.

This brings me to another point about creativity and that is the coincident presence of humor. Humor is a result of seeing the familiar in unusual terms. Many truly successful entrepreneurs seem to possess wonderful senses of humor. Perhaps it is because the time they achieve success everything looks great to them but I suspect not. I suspect they always saw things a little differently than most people and the essence of humor is the unexpected.

What can we do to help prompt right brained, divergent thinking? Don't we need more creative problem solving, talented, people focussing on those issues which stand between ourselves and the lives we want?

My friend, Marco Meirovitz, the inventor of the wonderfully successful game MASTERMIND, makes the point that our educational system is backwards. He observes that all of early education focus is on information transfer and only in college do we offer courses in deductive reasoning or what one might call "thinking". He proposes teaching thinking/reasoning at the outset with most of the information transfer to come later. Meirovitz believes that children learn best using games. My own experience in observing the early developmental period of the PLATO project at the Computer-based Education Research Laboratory of the University of Illinois confirms this without any doubt. Children learn best through involvement in a process. Games, having a built in excitement quotient, are involving. The competitive aspect of most games is an important part of the involvement of the player.

Entrepreneurs usually are required to accept significant incidence of rejection in their striving. Many are unable to bear the pressure of being told they are wrong and/or stupid for trying to do something differently than whatever has been the norm. Those who do not persevere lose both an opportunity to succeed and serve the community. The strength manifest in the necessary determination to go forward in the face of frequent rejection and disappointment must come from somewhere. Why is the strength usually so much greater with successful entrepreneurs, note the qualification "successful", than is found in their contemporary peer group.? Could it be because they had the confidence in themselves which comes from having a good feeling about one's self, which comes from having the attitude of winning?

If this feeling of being a winner is important to the entrepreneur in achieving ultimate success, and particularly during the establishment stage, then shouldn't we strive to create environments wherein children learn to win and develop the habit of feeling good about themselves?

To achieve this result educators may have to redefine "winning" so that those young students who are not athletically gifted get to win. Creating situations where those having creative talents win something and are so recognized should be a goal for education curriculum designers. In prior talks to this group I have discussed the OM (Olympics of the Mind) program, now operating in most states and a number of foreign countries. It is an excellent program and is enjoying great success. Those interested in learning more please contact me.

In closing, I urge those in a position to influence education to develop;

More courses and activities, especially for younger children, which will develop their natural creativity,

More activities in which the children can win and so be recognized, activities which accept different solutions and images as being "good" and not require slavish replication of that which has the authority of precedent.

Systems which reward teachers for recognizing children possessing greater elements of creativity than the norm and permit the full development of their particular talents.

An understanding of basic business principles and procedures.

Entrepreneurs are making America happen. They are the force which is responsible for almost all of the progress being made in this country. Entrepreneurs are succeeding in spite of, not because of, the education they received, especially as younger children. The parental, sibling, peer and school pressures for normalcy, rather than excellence, and certainly not difference, are extreme. Society loses the contributions of entrepreneurs who do not succeed. My point is that many more could succeed if the education system were more supportive of difference and less demanding of regimentation. Wouldn't it be truly wonderful for all of us if there were more successful entrepreneurs? There can be if we are able to adjust the production line to be more forgiving of the odd sized packages.

The early training of children will make the difference.. to them and to us.

Thank you.

THE VISIONARY ENTREPRENEUR

SIDNEY J. PARNES
CREATIVE EDUCATION FOUNDATION

Arthur Lipper has discussed the entrepreneur and creativity in general terms. Let me now highlight the difference between a conventional entrepreneur, a creative-adaptive entrepreneur and a creative-innovative entrepreneur, whom I call a visionary one. I will differentiate by means of a homey, personal example.

During the great depression of the 30's, at about 12 years of age, I was seeking part-time work that was extremely difficult to find. So, with an entrepreneur uncle's help, I started my own business.

My uncle gave me a $1.50 line of credit to purchase from his electrical distributorship 50 "Coilettes." These were wire coil-springs that you wove onto a telephone receiver cord or ironing cord so that it coiled the wire cord up like a "Slinky"--loops of wire that sprung back into a relatively tight coil after the cord was extended. Thus you had no sloppy wires getting into the way on your desk or your ironing board when the phone or iron was back "at rest." The present-day small-circumference loops built right into many receiver cords are undoubtedly the current improvement over the older "Coilette." At the time, the "Coilette" was an inexpensive invention that met a real need. My uncle saw it as a 10¢ "5 and 10" item that I might do well with in a "house to house" sales business. I could gross 7 cents on each sale, and by knocking on enough doors, I was able to earn 50 cents or so each day. I say "earn", because gross and net were practically the same for me then. I walked to neighborhoods nearby, so I had no travel expense other than shoe leather, which we fixed those days by lining the worn out shoes with butter boxes as "inner soles." And of course I packed the lunch I would have eaten at home anyway.

I was delighted with my new business, and worked harder and faster to knock on more and more doors, learning that there seemed to be a probability of number of sales being closely related to the number of doors knocked per day. I submit I was a conventional entrepreneur. I showed many of the traits of an entrepreneur, who does not necessarily have to be creative to be successful at what he or she attempts. I could have continued, as do some businesses, in the very same "successful" vein, and earned consistently the spending money I had been seeking.

Soon, however, my business became what I now call a creative-adaptive enterprise. It may have been my uncle or father whose counsel made the changes, I don't remember, so I won't take credit for it alone. What happened was that I came to realize that people sometimes ruined the "Coilette" while trying to install it--it was a bit tricky until you had done a few. How many times have you bought something unassembled and cursed the directions that came with the product? So I decided to add service to my line--as a matter of fact, I decided I could probably sell almost as many at 25 cents each installed, and I was right. It took just as many "knocks" to get a door opened, and just as many doors opened to get one person to talk with you. And if the 25 cents was more than they would spend, I could always sell it to them not installed at the 10 cent price. As a result, my profits doubled, and I was ecstatic about earning over a $1.00 a day!

Then I began to critically analyze my business rather than go along forever satisfied with my "success." I observed carefully as I installed "Coilettes." I noticed frayed ironing cords, loose or broken plugs, etc. I began asking customers if they'd like me to tighten, repair, replace, etc., and soon was carrying a small tool kit with me, and a few ironing cords, plugs, etc. To make a long story short, I again doubled my profits for the day's work--and made a lot of happy people to boot! My business was now about 90% service. And I was bringing home around $2.00 a day at a time when our family was living on a draw from our family business of not much more than double that.

But I didn't know about "creativity" way back then. I just considered myself an intelligent, diligent entrepreneur. I submit now that I was exhibiting "creative-adaptive" entrepreneurship.

I never reached what I now call "creative-innovative" entrepreneurship. I never understood the "visionary" concept. If I had, my task might have gone something like this:

> "Let me dream. Let me fantasize: People are flocking to me to buy my "Coilettes" and services. I no longer have to knock door after door. I see all these enthusiastic, happy faces crowding to me to get what I have to offer."

George Romney of American Motors once emphasized that you get good design ideas by thinking very futuristically--very far out--and then engineering the dreams down to reality--not by taking a present design and "dressing it up."

If I had dreamed--envisioned--fantasized--big dreams instead of merely accepting the fact that I had to knock scores of doors to achieve a sale, and if I had then worked creatively to bring the dream to some semblance of reality, I may have become for the electrical-goods world the modern-day Tupperware, Mary Kay or Agway! I get excited now thinking of what I might have done with networks of satisfied customers, building afternoon "service-center" parties in their homes, or the like. Remember, almost all women were at home then rather than at jobs outside the home.

And if I were reliving that life but understanding what I do now about creativity, I'd have all my "customer reps" meeting in "quality circles" to derive newer and better ideas for making a better, more satisfying, more socially-valuable, more profitable business for all of us. I would apply my "creative leadership" to facilitate the creative functioning of everyone in the organization, so that our business' creativity would be a result of everyone's creative effort, everyone's satisfaction--not a business where the top person's creativity is all that's allowed and the rest merely implement the leader's ideas.

The Japanese industrialists are a less homey, more important and current example of how businesspeople worked up through the three levels of entrepreneurship I have been discussing. First they copied our businesses diligently and successfully as "conventional entrepreneurs." Then they began creatively adapting our products very systematically and successfully as creative-adaptive entrepreneurs. Finally they began to become visionaries--creative-innovative entrepreneurs who have caught the attention of the world.

It is worth noting with regard to the Japanese example, a national industrial survey conducted by Soken Research Institute in Japan in 1983. It showed that 68% of companies responding indicated creativity as a characteristic considered especially important for their employees--the highest percentage in any quality listed. Ninety percent of respondents provided some kind of creativity-development training in their companies.

As an immediate example of visionary entrepreneurship, let me remind you of the most current "Hands Across America" project. Create the image of millions of people with hands linked across the entire continent. What a vision--what a dream! Then imagine the massive creative implementation to bring that big dream into even *partial* reality. This also exemplifies what almost always happens in visionary entrepreneurship: the *full* vision is rarely achieved. But even the partial achievement is impressive and productive. And the big dream had to occur first. What a stimulus the original vision--the big dream--provided! As I stood under the Arch in downtown St. Louis I joined exhuberant people stretching and squeezing to make their portion of the link complete. Whatever you may personally think of the "Hands Across America" idea, it is an excellent example of dreaming the big dream, sometimes in a flash, and then working creatively and tirelessly to bring as much of it as possible to fruition.

Let's now explore a wee taste of this process of deliberately dreaming, then bringing the dream into some partial reality. We don't just wait for the dreams or visions to occur. We *deliberately* form dreams and fantasies in our minds.

"Family Circus" cartoon shows the child lying in bed saying to his mommy, "I was just dreaming--y'know, when you close your eyes and the picture comes on?" We all dream "night dreams", and probably most of us "daydream" as well. So we are accustomed to the imagery process. Let's warm up to its *deliberate use* with a quick experience:

> Take a few deep breaths, relax, close your eyes if confortable doing so, and image your favorite food or beverage. See it, smell it, feel it, hear it, taste it. Go ahead now and *enjoy* it.
>
> Now with all your cravings satisfied, slowly open your eyes and leave those images behind.

How many found they could imagine seeing, smelling, feeling, hearing or tasting that favorite of yours? Everyone seems to have been able to experience that.

Now for a five-minute personal example of *using* that imaging ability in a wee sample of the visionary process we have been discussing.

Create several dreams, visions, images in your mind of some things you wish you could accomplish in the next week in your job, business, or even personal life--NEXT WEEK, next month, year or lifetime--keep it simple--but things you don't expect to happen under present circumstances or patterns of behavior. Think, "Wouldn't it be neat if..........." List several.

Now select one of them to focus on.

Try next what I ask you to do. I don't expect this very brief attempt will work successfully for all of you, but for some it probably will. And the rest at least have a better notion of what I mean by visioning as a deliberate creative process.

Relax, close your eyes if comfortable, image yourself achieving your wish--your vision--making it happen--if necessary by magic. Fantasize it occuring--see it, feel it, hear it, etc.--anyway you can--no constraints.

Now begin modifying your fantasy. Change the image bit by bit until you bring it down to some manageable aspect. Rearrange elements, magnify some things, minify others, until you have an image you can conceive of yourself carrying out--even if it is only a small part of your overall vision, dream or wish--perhaps only an opening wedge. If you don't see how you can do it because you don't have something you need, fantasize having exactly what you need, then create a substitute from anything you have or can get.

How did you do? How many gained some new insight, new approach, new attitude, new stance--something you may be able to use?

It appears there are some at each table who experienced something worthwhile. That's fine. Perhaps you can share something about the process you experienced that may be helpful to others at your table when we break in a few minutes.

Regarding this systematic visionary process you "tasted", our Future Creative Problem-Solving Workshop at Epcot provides intense direction under skilled leadership in very small groups and in an exemplary climate for creative accomplishment. There we devote five days rather than five minutes towards stretching in creative ways toward actualizing our greatest dreams for our organizations. All of our Creative Problem-Solving programs promote the visionary entrepreneurship approaches, but the Epcot program deals with it totally.

Let me now summarize with a few cartoons that tell my story visually.

The conventional entrepreneur plods ahead in known, proven ways, relying totally on past experience to direct and program him or her. He or she attains few new insights while plodding and re-plodding the same old paths. (Burr Shafer's cartoon--from Through History with J. Wesley Smith, Vanguard Press, 1950--shows a man in the wilderness rubbing two sticks together as one would do to start a fire, and saying to a friend, "I was just rubbing these two sticks together and they started to get hot. If I hadn't stopped, they might have caught fire.")

The creative-adaptive entrepreneur uses creative problem-solving, is sensitive to problems and challenges, and creatively solves them by transforming, adapting, etc. But this entrepreneur may miss far-reaching implications. (Burr Shafer's cartoon--from Through History with J. Wesley Smith, Vanguard Press, 1950--shows a cave-man who has put a wooden axle through a small, round stone shaped like a wheel. He has attached a handle to the axle so one can roll it back and forth. The caption reads, "See, it ROLLS! I told you I'd figure out something to amuse the children.")

The creative-innovative entrepreneur--the visionary--deliberately and systematically dreams, envisions, and then uses creative problem-solving to turn these images into the best reality he or she can possibly achieve for the moment. The conventional entrepreneur-associate looks on without understanding or often with disbelief. (Burr Shafer's cartoon, which appeared in a 1971 New Yorker Magazine, shows two prehistoric men, one of whom is fashioning a large wheel from a stone he is chipping away at. His friend is puzzled. "It looks O.K.", he mutters, "But how are you going to hit people with it?")

The visionary dreamt in pre-historic times of "walking on water" and ended up building a log bridge over a stream. The conventional entrepreneur looked on, as in one of Burr Shafer's cartoons, and exclaimed, "who ever heard of crossing a stream without geeting your feet wet?"

The visionary entrepreneur sees what might be, the conventional counterpart sees only what is. (Gordon Watts, 1977 cartoon in Saturday Review shows two cave-men drawing on a wall. One has etched an elk, the second a jet airliner. The second one exclaims, "Why does it have to look like an elk or something? I just use my imagination!")

IDEA-STIMULATION TECHNIQUES*

Deferred Judgment

The deferred judgment principle might be thought of as the environmental turnpike that allows free flow to ideas that come to a person's mind. On the other hand, there are many procedures that are used in creative problem-solving programs that help the individual to generate new ideas when they are *not* coming to mind. The "turnpike" of deferred judgment allows and encourages individuals to express ideas as they occur, whereas other procedures help to bring the ideas to mind in the first place. What is often needed is merely to have a roadway that will permit the flow of ideas that are streaming into a person's mind. At other times, even with the freeway there, the person seems to have run out of gas. Here are illustrations of some of the most tried-and-true techniques to trigger new ideas.

Checklists

One of the most common and impactful checklists is that devised by Alex F. Osborn in his book *Applied Imagination.* His checklist consists of a series of

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*Reprinted from *The Journal of Creative Behavior,* 1976, *10(2).*

verbs that help to change an individual's mental set as he or she contemplates a problem or a situation. For example, three of the verbs are: *magnify*, *minify*, and *rearrange*. Suppose a family were trying to generate ideas on ways to enjoy their meals together more fully. If they were to think about the situation and apply the word *magnify*, they might come up with the following notions: "Invite more people occasionally--foreign students, teachers, local artists, etc."; "Increase the number of courses in the dinner (but decrease size of the portions) so as to provide more variety and interest to the dinner." Smaller portions relate to *minify*. Next might be the idea, "Eating around a very small table so as to make the whole dinner much more intimate"; or, "Eliminate the meal and feed a needy family instead." *Rearrange* might suggest, "Eating in the living room or on the porch." Or, "Having a reverse meal with the dessert first."

Cartoonists frequently make use of the checklist verbs. For example, in a *Punch* cartoon, two apes are shown in a cage while a little man is in another corner of the room. The caption reads, "It's most interesting. By pushing this lever 20 times you can get him to walk across here with a banana."

These ideas may not be to your particular liking, but they are illustrative of the kind of thinking that might be sparked by Osborn's checklist. Furthermore, the new thoughts invariably trigger others that become more relevant, suitable or interesting.

Forced Relationships

Another fundamental procedure is to make a "forced-relationship"; that is, take anything in one's awareness and attempt to relate it to the problem at hand. For example, in the previous meal situation, suppose the group was told to focus on a tree outside the window. Someone might spot the leaves and suggest decorating the table with leaves, or serving some simple element of the meal on attractive leaves; or another might see the bark, and suggest the possibility of a small ice-carving prompted by the groovings in the bark of the tree.

Forced-relationships might, of course, involve other senses than sight. For example, the group might focus on a sound heard in common, such as a bird twittering outside; members might attempt to force a relationship between that sound and the situation. This could prompt ideas such as "Play recordings of favorite songs during meal times"; or, "Bring the canary into the dining room when we have dinner"; "Play the music box, and pass it around from person to person to wind up and reset during the meal."

Aside from the use of current sensations as stimuli for forcing relationships, the participants can also be urged to use their imaginations for providing additional stimuli. For example, the group might imaginatively take a safari into Africa, and bring back something that relates to the situation at hand. The following examples might result: "Plan a meal around the TV show *Wild Kingdom*"; "Monkey around' with the way the food is served, by placing the soup in glasses, the coffee in soup bowls, the ice cream on large platters, etc."; or "Take a picnic meal out onto a canoe or rowboat and eat in the middle of the river or lake." I have never seen a group that was bogged down and could not be brought back into a flow of ideas by making the imaginary trip to one place or another. At least one member of the group will invariably bring something back, connect it, and start a new flow of ideas.

Attribute-Listing

Another commonly used process to aid the flow of ideas is what is called *attribute-listing.* This involves taking specific aspects of the situation and then focusing particularly on the aspect selected. The checklisting or the forced-relationship processes can then be applied to whatever specific aspect is the subject of focus. For example, in the meal situation, we might look at the question of dessert, and examine everything we know about it--the shapes, colors, tastes, etc. of each specific dessert that we might think of. We might then vary any one of those attributes or connect something else to that specific attribute. For example, suppose the item focused upon was orange jello, cut into squares. One attribute might be that it was "soft and shimmery." If we focused on a brick in the fireplace and applied something about the brick to the soft and shimmery quality of the jello, it might lead to the idea of freezing the jello and making it into a semi-icy dessert. The mental trip to Africa might suggest an animal-carving contest out of each one's jello before eating it. And so on!

Morphological Approach

The morphological procedure applies the notion of attribute-listing together with forced-relationship in a matrix approach. It speeds the production of countless ideas. In our meal illustration, we might list some of the following attributes: people involved, place, time, foods, special effects, etc. Under each heading we would list a number alternatives. For example, under "people" we might jot down family, friends, strangers, needy people, celebrities, etc. Under "place" we might list different parts of the house, outdoors, picnics, campgrounds, etc. Under "time" might be breakfast, lunch, dinner, snacks, evening snacks, etc. Under "foods" we might have all kinds of different food items listed. Under "special effects" we might have music, TV, odors, incense, etc. Then the group would take items at random from each of the headings (attributes) and connect them into a novel meal idea. For example, we might select celebrity, basement, breakfast, hamburger, and incense as random elements, one from each attribute-list. The group would then put these together or adapt them in different ways such as: "incense" the "head of the house" by serving the kids hamburger for breakfast in the basement game room; then surprise (him/her) with a special breakfast in bed. This example illustrates the point that we don't necessarily take the words literally. Incense suggested something different from a "special effect." So did "monkey" in the earlier example.

These processes can help to break us away from some of our habitual thinking--some of our rigidity--into new connections of thoughts. It is also important to emphasize that these ideas are often just a starting point in the creative process. A great deal of refinement and development are usually necessary to make the ideas workable within the realities that exist.

It is well to emphasize that these processes can be used during any one of the steps of the problem-solving process. In the Problem-Finding step, for example, while trying to develop many "how to" interpretations of the problem, we can use the same triggering stimuli to generate new viewpoints; likewise, these processes can be utilized in each of the other steps.

The procedures mentioned are only samplings of some of the main categories of methods used to help stimulate the imagination. In the divergent stage of each step of creative problem-solving, the main concern is "flow." At each such stage of the process, everything is done to maintain a constant flow of thoughts, whether these be the facts, problems, ideas, criteria for solution-finding, or the means of implementing and gaining acceptance. Research and practice have shown that the greater the number of thoughts at each of these stages--the greater the flow--the greater the likelihood of some new insights, some aha's, some new connections that become relevant as they are developed through the balance of the process.

And Then, Judgment

Because of the emphasis that I've been placing on the generation of more and more thoughts--"flow"--I would like to reemphasize at this point that divergent production--the creation of many alternatives at each stage--is not an end in itself but only a *means* to an end.

Once, at a conference of psychologists, someone pointed out that a manic could probably beat any of us in sheer idea-production. But the point is, of course, that the manic's ideas are not *evaluated*, nor are they even necessarily oriented to the problem. One of the psychologists then remarked that the ideally creative individual ought to be a manic-depressive who originates ideas in his manic phase and is able to evaluate them later.

What we are attempting to do is get data out of memory storage and relate this to the current situation. So much of our problem-solving relies on data that is stored deep within us--data that we don't have in our present awareness and therefore do not connect with the present situation. If we are able to trigger more of this memory storage into our awareness, we are more likely to make connections that will be productive for us in our problem-solving. It is a "probability game," with no guarantees, but we are doing what Nobel Laureate Schockley calls "speeding up the hunch mechanism." This provides a greater likelihood of generating the ideas that, after evaluation, can be developed to meet our needs.

NEW BUSINESS IN AMERICA: A SECOND REPORT ON RESEARCH IN PROGRESS

William C. Dunkelberg, Purdue University
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Since last year's status report to the Creativity Conference on the three year panel study, New Business in America: The Firms and Their Owners (see, 1986 Proceedings, p. 45), progress on the project has continued: the formal report containing year one results is at the printer, year two data has been collected and serves as the principal topic of this brief paper, and the questionnaire designed to collect third year data will be completed shortly and enter the field in May. Location of non-respondents to the third year questionnaire is scheduled to be finished by late August. Thus, if all goes as planned, the data collection phase of our study will conclude before autumn. Analyzing the nearly one million pieces of information that constitute our data set will follow. However, due to the enormity of the analytic task, no schedule has been yet developed for this portion of the project.

For those not familiar with this panel study, the year one questionnaire was designed to elicit background information on our national sample of new businesses, their owners, and the markets which the owners planned to serve. Much of the information requested needed collection just "one time". It was information that either does not change or changes in a predictable manner, e.g. employer immediately prior to business ownership or age of owner. However, with another large quantity of requested information, a series of benchmarks were created from which data collected subsequently could be compared and contrasted to trace and measure change.

Year Two Questionnaire

The year two questionnaire was designed principally to monitor changes which have occurred in these sample new businesses, their owners, and the markets served over the succeeding 12 months. As a result, many inquiries in the year two questionnaire are identical to those on the first year's. Such a proceedure permits the comparison of responses in year one to those in year two which in turns allows measurement of any change that occurred in the intervening period. In fact, 12 of the 24 questions on the year two survey are the same as those posed one year ago. (Two of them are actually control questions to ensure that the same individual responded in both years.) The average number of full and part-time employees (question #3), the outline of a business strategy (question #15), and sources of business information (question #19) are just three examples.

Other questions on the year two survey, not contained on the year one survey, were also designed to reach the issue of change. Major sources of new funds (question #9), for example, is a variant of year one's inquiry on financing sources, while some explicit questions on owner instituted changes are totally new, e.g. moved location, added products/services, dropped products/services (question #10).

Few questions on the year two survey dealt with subject matter other than that directly or indirectly related to change. One major exception involved the estimation of owner time allocated to a series of business functions (question #21). This question and one or two others not related to change could be posed in year two because space constaints were not as severe in the second instrument as they had been in the first. Thus, in a few instances additional areas of inquiry could be opened in the second year without interrupting the fledgling time series being developed on other subject matter.

Year Two Data Collection

The year two questionnaire was fielded in May through mid-June, 1986. Somewhat less than the 4,814 respondents to the prior year's questionnaire received the year two survey. Recipients could be divided into two groups: the first consisted of businesses which fit our definition on "new," i.e., less than 18 months of age at the time of response to the first year questionnaire. This is the group in which we are primarily interested. The second set consisted of those who returned a first year questionnaire, but whose businesses proved older than our 18 month definition. Responses to the year one and two questionnaire by group are presented on Table 1. The frequency distributions that are presented from here represent the totalled responses to the year two survey of only those 1178 which own "new" businesses by our 18 month definition.

Since the number of year one respondents includes some whose businesses were no longer functioning by the time of the year two survey, response rates may not be calculated from the data on Table 1. Unfortunately, we cannot at this time provide you with a precise

Table 1
REPONDENTS TO YEAR ONE AND YEAR TWO SURVEY BY AGE OF BUSINESS

	AGE OF BUSINESS		
RESPONDENTS	All Businesses	18 Months or Less at Time of First Survey	More Than 18 Months at Time of First Survey
First Year	4,814	2,994	1,820
Second Year	1,986	1,178	808

count of those who "turned-over" during the period. We are currently working to finalize the figure. However, two observations can be made: the number of firms which "turned over" in the preceeding 12 months appears smaller than is popularly believed. Second, the response rate among functioning firms to the year two survey was over 40%.

Results from the Year Two Questionnaire

The frequency distributions of the year two results have been transcribed on a sample questionnaire and are attached to these brief remarks. While response patterns to individual questions undoubtedly hold particular interest for many people, some general comments summarizing much of what we have already learned appear more appropriate here than would a recapitulation of specific numbers.

Since emphasis in the year two questionnaire was on measurement of change, it should be noted from the outset that change has clearly occurred. Most sampled businesses have grown between years one and two in terms of sales and assets if not in terms of employment. Over half have changed, at least to some extent, the products/services they sell. More than one in ten has changed business location and 5% report a new business name. None of these represent inconsequential shifts.

Expectations of the owner have also changed. Most notable are the 40% who indicate that business profits are lower than anticipated and the non-mutually exclusive 33% who indicate personal satisfaction hasn't met expectations. Moreover, it appears there are modest changes occuring in owner conduct. For example, the average number of hours worked has fallen somewhat, particularly among those who had been putting in more than 80 hours per week.

Some are shedding partners and the use of outside business information sources seems less frequent.

One senses that change for the most part is evolutionary rather than revolutionary. While there are some "superstars" whose growth patterns suggest the presence of very rapid change, change within the population as a whole seems gradual and modest. This apparent anamoly only whets the desire to begin disaggregating the data to determine whether change is indeed incremental or whether the aggregates conceal a turbulence that averages itself to provide a stable appearance.

The stability of the data leads to a second important observation: there have been no shocks. No jolts have appeared to counter what one might have intuitively believed before we began. Of course, the lack of surprises does not mean that none will be found as we shred the data into finer and finer pieces. Some may be shocked, for example, by the fact that women are as likely as men (actually a bit more likely) to have received a portion of their initial financing from a commercial lending institution. But the lack of surprises at this point does suggest that much of what we currently espouse as truth does have considerable basis in fact.

Our data empirically demonstrate much of what is already suspected but not yet proven. Year one's data on financing sources, for example, corraborates our belief in the reliance on personal resources for business initiation. Year two's data on sources of new capital corraboates our belief in dependence on internally generated earningsfor much business growth.

Our data also support many of the more recent empirical findings. For example, Birch first reported (The Job Generation Process) that about 15% of all firms were responsible for the preponderance of new job generation. Others, also using the Dun and Bradstreet files or some variant arrived at the same numbers. But coverage (or lack thereof) has been an important criticism of the Dun's data base. Nearly 50% of our sample could not be found in the those files suggesting that our sample captures many new firms missed by D & B. Yet, responses to our questions about growth in sales, growth in employment, and the addition of managerial employees reveal a core of about 15% which can be termed "growth" firms.

We do not mean to suggest that we have found nothing fresh and exciting. Simple frequency distributions often provide a novel look at new firm birth and development. For example, the distribution of business strategy components that have been parts of both the year one and the year two surveys leave us with the impression that smaller firms often emphasize quality and customer service, though owners infrequently confine their overt strategy to only a few elements. Similarly, the distribution of time allocated to various business functions provides a unique if not surprising perspective of a small business owner's personal role in his business.

Third Year Questionnaire

As noted earlier, the third and final year's questionnaire has not been completed. It is fair to say, however, that the emphasis will again be on change. The same rationale that lead to a focus on change in the year two survey leads us in that direction again. Thus, many of the specific inquiries which appeared in years one and two will almost assuredly find their way to year three as well. Beyond, we are considering several options. One would allocate some questionnaire space to owner reflections on their experiences. Another would delve into the process of anticipating and recognizing change. But whatever is eventually decided, year three will resemble year two much more closely than it will year one.

Conclusion

We cannot expect the most interesting results to appear without messaging the numbers to a considerably greater extent than we have. Such work has thus far been impeded by the tasks of data collection and file creation. However, the potential residing in this three year panel study can be seen in three papers, two of which will be presented later this year (Cooper, Dunkelberg, and Woo, "Optimists and Pessimists: 2994 Entrepreneurs and Their Perceived Chances for Success," 1986 Babson Conference; Cooper, Dunkelberg, and Woo, "Optimists and Pessimists One year Later," 1987 Babson Conference; and, Dunkelberg and Cooper, "Investment and Capital Diversity in Small Enterprises, 1987 ICSB meeting). These papers dissaggregate the data and begin to examine them in some detail.

The author's excitment over this project as reported to you last year remains. We continue to believe that these data will contribute significantly to our knowledge of business formation, development, and "turn-over," issues with broad implications for business, economics and public policy. Hopefully, others will continue to share our enthusiasm.

1145R

YOUNG BUSINESSES

Please **mark** the best answer or fill in the blank as appropriate

1. About how many hours per week do **you** work for the firm? ______ hours per week 1-2

2. About how many hours per week **in total** do unpaid family members work?
______ total hours of work per week. 3-5

3. On average, how many full and part-time employees do you have (including yourself)? 6-8
______ full-time ______ part-time 9-10

4. Were any of the employees **added** in the last twelve months hired as managers or supervisors of other employees in your firm?
[1] Yes 17% [2] No 64% [3] No employees added 18% 11

5. Are other full-time partners or investors (other than yourself) now involved in your business?
[1] Yes, ______ (number) partners 27% [9] No 72% 12

6. About what were your firm's gross sales or revenues during the last twelve months or during your last fiscal year?
$ ______________________.00 13-17

7. How large do you expect your gross sales to be in ONE year? $ ______________.00 (gross annual sales) 18-22

8. Comparing the total assets of the firm today to total assets of the firm twelve months ago, about how much have total firm assets changed during the last twelve months? (Total assets include the value of all equipment, buildings, vehicles and land owned by the firm as well as cash, inventories and supplies and accounts receivable)

[1] Increased 62% [2] Stayed about the same 30% [3] Decreased 7% 23

8a. If "increased" or "decreased", by approximately what percentage? ____________ % 24-26

9. Which of the following have been major sources of **new** funds during the past twelve months? Please put a "1" next to the most important source of new funds, a "2" next to the second most important source, and so on. Leave blank those sources not used.

69%/51% funds from company earnings 27
23%/8% additional funds from owners who were owners of record 12 months ago 28
7%/2% funds from new (less than 12 months) owners or investors 29
40%/15% loans from banks or other financial institutions 30
45%/16% increases in trade credit and accounts payable 31
4%/2% other ______________________ 32
(please explain)

used/most important

10. During the last twelve months, have you made **major** changes in the nature of your business?

		MAJOR CHANGES MADE		
a. Added new product lines or services		[1] YES 49%	[2] NO 46%	33
b. Dropped product lines or services		[1] YES 19%	[2] NO 70%	34
c. Moved business location		[1] YES 12%	[2] NO 79%	35
d. New branches or added locations		[1] YES 6%	[2] NO 83%	36
e. Changed the name of the business		[1] YES 5%	[2] NO 80%	37
f. Changed your prices relative to your competitors	[1] HIGHER 16%	[2] LOWER 14%	[3] NO CHANGE 62%	38
g. Changed your advertising and promotion	[1] MORE 32%	[2] LESS 17%	[3] NO CHANGE 44%	39
h. Floor space	[1] ADDED 21%	[2] REDUCED 3%	[3] NO CHANGE 68%	40

11. During the past twelve months, did any of the following **hurt** the development and performance of your business? (Please rate each from 1 = "no serious problems" to 5 = "serious problems"):

	No Serious Problems				**Serious Problems**	
a. A decline in the **market** you serve	1 52%	2 12	3 14	4 9	5 9	41
b. Competitive pressures	1 38%	2 22	3 22	4 9	5 5	42
c. Cost or quality of labor	1 46%	2 21	3 15	4 8	5 5	43
d. Cost or quality of goods, materials, etc.	1 38%	2 23	3 21	4 9	5 4	44
e. Family demands, health problems, etc.	1 61%	2 13	3 11	4 7	5 3	45
f. Availability of credit or finance	1 65%	2 13	3 12	4 6	5 8	46
g. Other ______________ (please explain)	1 8%	2 4	3 1	4 2	5 5	47

12. How is your business doing today compared to the expectations you had for your business a year ago?

	Higher Than Expected	**About the Same as Expected**	**Lower Than Expected**	
a. Sales are:	[1] 27%	[2] 42	[3] 29	48
b. Profits are:	[1] 15%	[2] 44	[3] 40	49
c. My Personal Satisfaction is:	[1] 21%	[2] 44	[3] 33	50

13. In what areas have you experienced more or less difficulty **than you had expected** when you became owner or principal manager of your business? (Please rate each):

	Less Difficult Than Expected				**More Difficult Than Expected**	
a. Developing sales	1 21%	2 19	3 29	4 17	5 12	51
b. Hiring and managing employees	1 23%	2 17	3 26	4 17	5 12	52
c. Accounting and record-keeping	1 19%	2 20	3 30	4 17	5 12	53
d. Getting loans and financing	1 26%	2 20	3 24	4 11	5 13	54
e. Responding to competitors	1 27%	2 25	3 33	4 8	5 3	55
f. Keeping costs under control	1 9%	2 20	3 33	4 25	5 11	56
g. Managing inventories and receivables	1 19%	2 22	3 31	4 18	5 6	57
h. Planning; developing strategy	1 14%	2 22	3 34	4 19	5 9	58
i. Dealing with suppliers	1 29%	2 24	3 30	4 9	5 4	59
j. The cost of government regulation and red tape	1 9%	2 10	3 24	4 22	5 33	60

14. Think about your **primary** competitor, that firm your customers would go to if or when they do not buy from you. Which of the following would best describe your major competition? (Mark **one** only)

17% [1] A firm your size or smaller
33% [2] A firm larger than yours, but less than five times your size
26% [3] A firm more than five times your size 61
23% [4] Difficult to say who your major competitor is

15. From the list below, how would you describe your business strategy? Using a **total of 100 points**, please assign points to each item below that reflects its importance in your business strategy. A blank means 0 points. For example, if "low prices" were your major strategy with "better service" receiving secondary emphasis, you might assign 70 points to "low prices" and 30 points to "better service", leaving the rest blank to indicate that they are not receiving **special emphasis** in your strategy. Please read the entire list before scoring.

48%/16	Try to keep prices lower than my competitors	62-63
88/27	Try to provide better service than my competitors	64-65
41/2	Provide more product or service choices than my competitors	66-67
81/14	Try to build a better reputation for quality	68-69
33/4	Try to advertise more effectively	70-71
40/1	Try to target customers missed or poorly served by my competitors	72-73
16/4	Select a superior location	74-75
38/1	Have a better appearance or better facilities	76-77
34/2	Provide a service or product otherwise unavailable	78-79

100 points TOTAL

used/over 50 points

16. What are the odds of **any business like yours** succeeding e.g. 1 chance in ten, 2 chances in ten, etc.?

No chance of success	0	1	2	3	4	5	6	7	8	9	10	Certain chance of success	80 81
	4%	5%	9%	11%	8%	30%	9%	7%	8%	3%	4%		

17. What are the odds of **your** business succeeding e.g. 1 chance in ten, two chances in ten, etc.?

No chance of success	0	1	2	3	4	5	6	7	8	9	10	Certain chance of success	82 83
	4%	2%	2%	2%	2%	11%	5%	11%	20%	19%	22%		

18. During the next five years, how much average change **per year** do you expect in the market you are trying to serve: (Circle the appropriate number for each)

	Increase Over 20%		**Increase 20% to 11%**		**Increase 10% to 3%**		**Unchanged +2% to −2%**		**Decrease −3% or more**		**Don't Know**		
a. The number of **customers** will:	1	23%	2	26	3	31	4	9	5	5	6	4	84
b. The number of **competitors** will:	1	5%	2	8	3	24	4	37	5	11	6	12	85
c. The sales for **all** firms providing your product or service will:	1	11%	2	17	3	34	4	18	5	6	6	11	86

19. What sources of information or assistance have been most important to you in running your business during the last twelve months? Please rate each source below:

	Very Important		**Somewhat Important**		**Little Importance**		**Not Used**		
a. accountant; bookkeeper	1	45%	2	31	3	12	4	9	87
b. friends or relatives	1	15%	2	27	3	29	4	25	88
c. other business owners	1	15%	2	41	3	24	4	16	89
d. government programs or information sources	1	2%	2	9	3	26	4	54	90
e. bankers	1	18%	2	31	3	24	4	23	91
f. trade organizations	1	11%	2	31	3	27	4	26	92
g. lawyers; attorneys	1	8%	2	22	3	31	4	37	93
h. generally available books, manuals, etc.	1	18%	2	36	3	25	4	17	94
i. franchisor or suppliers	1	26%	2	29	3	19	4	22	95
j. courses, seminars, workshops	1	16%	2	25	3	20	4	34	96
k. other __________ (please explain)	1	5%	2	1	3	1	4	11	97

20. What factors do you feel motivate employees the most? Please rate each factor on a scale of 1 = "very important" to 5 = "little importance":

	Very Important								**Little Importance**		
a. Develop personal, friendly relationships	1	43%	2	29	3	17	4	4	5	2	1
b. Good wages and salaries; raises	1	38%	2	36	3	18	4	2	5	1	2
c. Extensive fringe benefits	1	10%	2	21	3	35	4	18	5	10	3
d. Share in decision-making; more responsibility	1	27%	2	34	3	21	4	6	5	4	4
e. Close supervision	1	14%	2	16	3	30	4	22	5	12	5
f. Profit-sharing; stock options, etc.	1	7%	2	14	3	22	4	17	5	32	6
g. Provide a chance to learn new skills	1	28%	2	32	3	21	4	7	5	6	7

21. **Approximately** how much of **your time** is allocated to the following activities: (Please put the approximate **percentage** of **your** time spent in these areas over the course of the last twelve months)

81%/1% % Dealing with employees 8-9
86/2 % Record-keeping (financial, government forms, etc.) 10-11
92/14 % Direct selling or customer contact 12-13
66/11 % Actual production or provision of services 14-15
68/4 % Maintenance, upkeep, cleaning of physical plant 16-17
84/1 % Purchasing or dealing with suppliers 18-19
71/3 % Cash management and arranging financing 20-21
68/4 % Planning firm growth/change 22-23
6/4 % Other ______________________ 24-25
some time/more than 50% (please explain)
100% OF **YOUR** TIME — TOTAL

22. If you had enough money to live as comfortably as you would like for the rest of your life, would you continue to work, or would you stop working?

I would continue to work: [1] Yes 83% [2] No 15% 26

23. How old were you when you became owner or principal manager of your business? __________ years old 27-28

24. What is your sex?

[1] Male 78% [2] Female 20% 29

Thank you very much. Your help is appreciated.

PLEASE DO NOT REMOVE THIS LABEL
(Used for compiling geographic and industry information)

GROWTH IN EMPLOYMENT

	ALL FIRMS	STARTED	PURCHASED
NO ANSWER	4	5	4
UNDER -10%	16	14	19
-9% TO -3%	*	*	*
-2% TO 2%	44	42	48
3% TO 24%	7	7	5
25% TO 49%	7	6	9
50% TO 74%	10	12	6
75% TO 99%	*	*	*
100% -	12	14	9
	100%	100%	100%

GROWTH IN SALES

	ALL FIRMS	STARTED	PURCHASED
-10% TO -3%	1	*	1
- 2% TO 2%	30	28	32
3% TO 5%	36	31	46
6% TO 8%	33	40	21
8% -	*	*	*
	100%	100%	100%

(50)

COMPARISON OF TOTAL ASSETS

	ALL FIRMS	STARTED	PURCHASED
INCREASED	62	67	54
STAYED SAME	30	27	35
DECREASED	7	5	10
NO ANSWER	1	1	1
	100%	100%	100%

PERCENTAGE INCREASE OR DECREASE

	ALL FIRMS	STARTED	PURCHASED
0%	33	30	38
1 - 5%	5	3	8
6 - 10%	14	12	18
11 - 15%	7	7	7
16 - 20%	12	12	11
21 - 30%	11	15	7
31 - 50%	10	13	6
51 -100%	5	5	3
100% -	3	3	2
	100%	100%	100%

OWNER'S HOURS PER WEEK

	ALL FIRMS	STARTED	PURCHASED
0	1	1	1
1 - 49	20	18	24
50 - 59	28	31	22
60 - 69	31	31	31
70 - 79	12	12	12
80 -	8	7	10
	100%	100%	100%

UNPAID FAMILY MEMBER'S HOURS PER WEEK

	ALL FIRMS	STARTED	PURCHASED
0	49	49	47
1 - 9	13	15	12
10 - 19	12	11	12
20 - 29	7	7	9
30 - 39	5	5	5
40 -	14	13	15
	100%	100%	100%

EMPLOYEE'S ADDED AS MANAGERS OR SUPERVISORS

	ALL FIRMS	STARTED	PURCHASED
YES	17	17	16
NO	64	64	65
NO EMPLOYEES ADDED	18	18	17
NO ANSWER	1	1	2
	100%	100%	100%

FULL-TIME PARTNERS INVOLVED IN BUSINESS

	ALL FIRMS	STARTED	PURCHASED
YES			
1	24	25	21
2	2	2	2
3	1	1	*
4	*	*	*
NO	72	71	76
NO ANSWER	1	1	1
	100%	100%	100%

ENTREPRENEURSHIP EDUCATION FOR INNER CITY YOUTH AND ADULTS: AN INNOVATIVE APPROACH

PETER CRABTREE, OAKLAND YOUTH CORPORATION
JIM HAMP, CALIFORNIA DEPARTMENT OF EMPLOYMENT AND TRAINING

ABSTRACT

The Oakland Youth Entrepreneurship Program (OYEP) is a program designed to aid youth and young adults in creating and developing their own businesses. A seven week training component teaches the fundamentals of business and economics. The young entrepreneurs are trained to plan, develop and operate their own businesses.

OYEP is a two year pilot program funded by the State of California's Employment Development Department and financed through the governor's Wagner-Peyser Discretionary Fund. The program serves disadvantaged, minority, and other young people with entrepreneurial potential.

INTRODUCTION

The Oakland Youth Entrepreneurship Program is very innovative in that it is not just a training project, it does more than that for inner-city youth. It involves training, but it also involves other technical assistance and hand-holding for these inner-city youth to make them successful entrepreneurs. The basic program design is for disadvantaged, minority, inner-city youth and also those who have an exceptional entrepreneurial ability.

California aimed to establish two models. The first model in Los Angeles didn't get off the ground but we do plan to do that within the next 60 to 90 days. The model that did get started is the Oakland model.

The model's objectives involve a two-year program which will assist approximately 80 youths in the Oakland area, and about the same in the Los Angeles area, in starting their own service related businesses. It is anticipated that the businesses will hire other youth as they become established, which will provide employment for many young people.

Model activities include the development of a basic entrepreneurial training curriculum, specifically for youth.
There are many entrepreneurship curricula on the market, but as you will note, this curriculum is based primarily around the target group we are trying to reach.

Counselling is included as necessary, and that is from the start of the model through the end. Assistance in starting and operating the business includes technical and financial assistance. We have a continuous evaluation of businesses that the youth actually start which carries through at least one year of operation and up to two years.

Training curriculum is designed to be very short, intensive and basic for youth-targeted, service-related businesses. The training curriculum is provided in approximately 72 hours. If you think back to our target (i.e. high school dropouts), you know that they don't want to sit in a long-term training setting. We specifically designed the program to be very short, very intense, and highly motivating. The training includes the nature of small businesses; assessments of one's potential as an entrepreneur; developing a small business plan; available financing (which includes private sector, government financing, and the program financing that is established in the model); record keeping (involving purchasing, accounts receivable, accounts payable, profit and loss, taxes, sales income, employment, and others as appropriate). It also includes basic legal requirements, having to do with permits, licenses, bonding and insurance. All of these are necessary for the operation of a small business. Highly emphasized is the motivation of youth. And finally, as part of training, there is a discussion having to do with franchising, targeted especially for the purposes of youth.

The counselling includes determining the suitability of program training for individuals and directing individuals not ready or suitable as entrepreneurs to employers for on-the-job training or work experience. There is a spin-off designed in the model. If we get some youth who really don't think they are ready to start their own business and have absolutely no work history, there are ways for them to pick up this work experience while they are involved in the curriculum, in the three basic phases of the training. Directing inexperienced individuals may involve on-the-job training assignments which connect locally with the Job Training Partnership Act funds that are available though the PIC (Private Industry Council) and the local SDA (Service Delivery Area).

Assistance--technical and financial--can include direct assistance from the sponsors such as a local chamber of commerce, SCORE (Service Corp of Retired Executives), California State Department of Commerce, Small Business Administration, etc., and a specific education curriculum through ROP and adult education. The program can develop work experience contracts with employers and the youth to help them get an income while they are going through the training. The program can develop loan packages and administer them with youth. That is a new approach having to do with a training program. The loan packages that are established under this model are basically set at a maximum of $2500 per youth. The program monies are limited and they are a line-of-credit type monies that the youth can draw on to get them started. It could involve the permits they need to start a business, the license, the insurance they may need, or whatever is essential to get them started in a service-related business. The maximum term of this initial loan provided by the program is a period of 18 months. They are expected to pay back the loan. The loan money will always remain with the model, it is part of the seed money that is established by the California Employment Development Department. The youth are expected to pay back the money as they start the operation of their business, and the fact that they are paying back is considered one of the measurements of success.

This outlines the intent of the state program to assist inner city youth. The Oakland contractor is a corporation, (Adams, Grant, Werner, Inc.) that consists of a private-for-profit business, (private CPA firm). Also it includes three non-profit organizations, (Oakland Youth Corporation, East Oakland Development Center, and Oakland Youth Enterprise, Inc.). Basically what makes this project really work is the fact that we have this local collaboration. These three non-profit entities have local contacts, business contacts, and local government contacts. Then we have the private corporation, also with the business contacts that can provide the CPA expertise needed in training, and actually carries the books and administers the project. All of this coupled together with the local cooperation is what really makes the program work.

THE PROGRAM DESIGN

The program is just over a year old. We have had a great deal to do in that time frame, including the development of a short, intense, curriculum to teach business training and start-up skills.

This multi-faceted program includes a training component, support services, revolving loan fund for initial capitalization, and technical assistance. It includes some additional special features such as the internship program to provide hands-on experience in a particular business for those who may need it as well as and incubator facility in which we are trying to find capacity to shelter some of the ventures in the early going.

The training is very much hands-on, very intensive experience. We designed the training so that individual youth could come in and benefit for whatever level of training they have reached. We made a basic assumption, in designing the training, that many who started the training would not actually go on to venture start-up. So far we have enrolled and provided some training to approximately 140 youth and young adults in Oakland. We recently expanded the age range for the participants from 21 to 24, so we are now serving youth ages 16 to 24. The first phase of the training is designed to increase the marketability of the youth, overall, for whatever they end up doing. It is to increase their survival capability in the economic marketplace. We focus a lot of attention on sales skills development. In addition we talk about some other aspects such as dress, business protocol, and things that will assist a young person in being more successful. We also provide a broad introduction into economics and what an entrepreneur is, and do some self-assessment in those areas.

Phase two of the training focuses on the venture selection aspect and moves right into a feasibility study in which they explore their ventures. We teach the technical skills that will be needed, and the financial skills including how much money will be needed and how that money will be allocated. We focus on the basic question, "Is there a market for their product or service, and what does that market look like, who are the customers, who are the competitors?" Here again, we designed phase two so that individuals could come into phase two from phase one, perhaps with a hazy venture concept. As they go through the program the venture concept may change, but generally it continues to develop throughout the training. It also gives them an opportunity to explore the feasibility of their venture idea. They can exit the program into vocational training or some other vocational program, after phase two, or they can continue to phase three.

Phase three gets more deeply into the development of the venture idea and the venture, itself, particularly focusing on the business plan and its development. We go more fully into some of the operation areas. We have an operational plan as part of the business plan, marketing section, management section, and the financial section. We found very early on that computers (although we had not planned for them) were a vital necessity, especially in phase three. I don't know how many of you have done financial projections but if one number changes on your twelve month budget, you are going to spend another four hours if you are doing it by hand. That alone made computers almost a necessity. What we found is that the young people pick up material and skills very quickly as part of the process. We don't actually teach word processing, but they learn word processing in the course of completing their training. Throughout the entire process we are trying to move away from a formalistic approach, a lecture format, and get them into the act. The more the entrepreneur gets into the act, into the training itself, the better. That is certainly what we found.

By the end of phase three the trainees have a completed business plan, usually requiring further revisions before it can be presented to the loan committee. One of our concerns, at this point, is to develop the resources and capabilities and the time frame to allow more extensive market research during that critical period between business plan completion and loan committee presentation. We get into an area of market assumptions which need to be substantiated with research. One of the things we find, in working with youth, is that they are very impatient. Even 72 hours seems like a lot of time and waiting for weeks or even months, they become very impatient. However, we find that the more time and energy that goes into the planning process, the more likely there is of success, later. Although there are entrepreneurs who never had a business plan, we try to discourage them from coming to the training and talking about their seat-of-the-pants operation.

PROVIDING BUSINESS ASSISTANCE

Technical assistance is another area which is very complicated. It is very difficult to deliver because you can take the horse to the water, but he may not drink. So, we can hand out the advice, but will it be followed? In addition, there is the issue of all of the range of expertise that is required in a successful business. That comes up almost on a day-to-day basis, ranging from general administrative kinds of questions, time management, budget planning, cash flow management, marketing, advertising, legal problems, etc. We are very fortunate to have an accounting firm in the project so we at least do not have difficulties in getting financial statements. It would be nice to have a law firm involved, and a marketing company, but we are finding that we need general technical assistance as well as some very specific technical assistance to address highly complex, specific kinds of problems. We are also finding, that to do a good job, it doesn't matter if the business is a very small, low capital venture. It still faces the same kinds of problems that a large company might face. Therefore, the same kinds of decisions have to be made and the same problems have to be addressed.

To touch briefly on the program strategy, we went into the program with the notion that the initiative for the businesses should come from the youth, themselves. Historically, with the number of youth entrepreneurship programs, the initiative has come from adults, counselors, group leaders, etc. They basically came up with the ideas for ventures and then recruited youth to participate in those ventures. The results were not entirely satisfactory, partly because the youth had their own agenda. Youth, as we all know, have a very definite and strong agenda of their own. This is something we find in counseling them and working with them. They may nod their heads, but that doesn't mean they are going to follow through in the way that was intended.

We found that the more they buy into their own business and take responsibility for it, the better. That is perhaps the critical factor that has been missing, historically, from other entrepreneurship programs. We benefit from that increased, heightened commitment that the youth have. The risk that we face, by using that strategy, is that commitment will translate into a rising expectation which may not be able to be met. We have some youth, right now, who are almost at the point of demanding their start-up loan. We have to insist that they go through the loan committee process. There is a very fine line between turning the start-up loan into a grant, or into a given, and it is very important for the program that it be viewed as a loan and not as a grant. It is not something due the individual, but something that has to be earned and something that has to be based upon solid business planning and market research.

COMMUNITY IMPACTS

We need to point out some of the impacts of the program. Any time you are working with youth and young people, you immediately are moving into the area of long-term impacts. You are injecting yourself into the development of an individual, who can eventually become a leader in the community, who can have a long-term impact on the economic and community life.

Oakland is a city of about 350,000 people, and while there has been tremendous growth and development in the downtown area, there is a tremendous push for redevelopment. At the same time, there has been substantial job loss, especially in some of the more traditional sectors, i.e. manufacturing, particularly. There are not many large employers in Oakland. It is a relatively poor community with a large number of poor people.

One of the things we are trying to do is rebuild the image of Oakland, begin to train many people who can take leadership roles in the community, and bring the economy above ground into legitimate activities. Something we stress heavily in the entire process of business start-up is going through all of the appropriate steps, including registering with EDD, the IRS, paying payroll taxes, trying to get away from some of the common practices of paying employees under the table, or making employees sub-contractors, or that sort of thing. We are trying to build long-term employer expertise. We have one 19-year old youth right now who is employing about four other people, all of them older than herself, some of them twice her senior. Hopefully, as she goes down the road, she will learn what some of those basic skills are to be an employer and create new employment opportunities.

The major obstacle or challenge that we face, in addition to some of the obvious ones, (i.e. lack of experience, youthfulness, the need for a great deal of problem solving), is the lack of equity. Many of the youth, are coming from economic backgrounds where they have very little financial resources to draw from, either personally or from family members or other support networks. The $2500 loan is very limited and it does not allow for much. It quickly gets eaten up, often by the start-up expenses, such as the rent deposit, insurance, etc. Unfortunately, often there is not a significant support network for the youth.

The key thing to survival is the personality of the entrepreneur, the psychological level. Can the person find solutions, develop support, and triumph over those many obstacles that come up? In the small business environment, each day brings another set of problems--the power goes out, there are not enough clients that day, payday, buying decisions, and purchasing. How the youth themselves respond to those challenges will make the difference ultimately, whether they succeed or fail. All we can try to do is give them as many decision-making and technical skills possible to aid them. Clearly it comes down to them. They have to take responsibility for the outcome.

THE REAL WORLD

Finally, let me talk briefly about the entrepreneurs themselves. We are finding they are coming from the entire East Bay, primarily Oakland and its immediate areas. We have served all ages including 16-year olds. We have one 16-year old who has developed what appears to be a successful business. She sells antique toys and her primary market is through toy and doll shows. She is also a mother. In her first show she broke even and in the second show she made approximately $500. So she is off to a very good start.

Some of the other businesses are more traditional. We have a full service beauty salon. Every time I go to that shop there is something new, some new construction, new fixture, and as hard as I try to hold that young woman back, I say, "Well let's pay P&G&E before we install track lighting," but she wants the track lighting. Somehow she is making very rapid progress and I think she is going to make it. All of the businesses are really too young, at this stage, to predict the full outcome. None of them is over about 6 months old and so I would not want to speculate on that. But some of them do seem like they have a very good shot. We have a women's fashion store for full-figured, professional women. We are currently revising their business plan, and their budget, and working with them to get an equity investment which, hopefully, will carry them through the fall season. That particular business is extraordinarily demanding in that they really have to be on top of what is happening and they have to be able to plan at least six months in advance, in terms of their purchasing.

SUMMARY

We don't know what is going to happen until the person is "in the water." We don't know if they will swim or sink, and it is hard to predict. What we attempt to do is insure that the planning processes, prior to start-up, are as good as they can possibly be and hopefully that will carry that individual forward.

DEVELOPING A CITY-WIDE PROGRAM TO PROMOTE CREATIVITY, INNOVATION AND ENTREPRENEURSHIP

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ABSTRACT

A city-wide program to promote creativity, innovation and entrepreneurship is suggested for re-awakening our nation's creative spirit. These results of a brainstorming session spell out such potential activities as joint planning and program management as well as possible roles of business and industry, Chamber of Commerce, city government, news media and schools.

INTRODUCTION

This exciting conference stimulated the need to develop a suggested city-wide program to promote creativity, innovation and entrepreneurship on an on-going basis.

Our nation sorely needs a re-awakening of the creative spirit among all citizens if we are to maintain our position of world leadership. Every organization, both public and private, needs to tap the imagination and ingenuity of its employees in order to increase productivity, improve morale and develop innovative products and procedures. We also need to stimulate the creativity of our youth as they mature into our future leaders.

A logical place to start this revitalization is at the local community level where a system can more easily be engineered to integrate the creativity programming of all the components of city living. The success of such an effort can thus stimulate other communities to develop similar or better programs. Eventually these achievements will improve state government and our national leadership.

Approximately sixty conferees brainstormed this problem, "How can we develop an integrated city-wide program to stimulate creativity, innovation and entrepreneurship?" Their positive suggestions comprise the core of this article, with additional ideas contributed by the author to broaden the total program. Of course readers are also encouraged to add their own creative solutions. The names and organizations of those who wished to be listed appear in the appendix.

JOINT PLANNING AND PROGRAM MANAGEMENT

1. Organize a representative planning committee of key leaders to develop a broad program.

2. Develop a Creativity Center with a volunteer director and board to stimulate creativity, innovation and entrepreneurship.

3. Organize a book review club to discuss new publications on creativity, etc.

4. Envision the city in ten years and plan creativity to meet the goals.

5. Develop a special library of books and materials on creativity, innovation and entrepreneurship.

6. Develop a report on the state of creativity as of the current year and document progress annually.

7. Provide speakers on creativity to service clubs, churches, etc.

8. Seek state legislative grants to the schools for creative projects.

9. Maximize use of senior citizens in promoting local creativity.

10. Provide incentives for citizen leaders as volunteers on community projects.

11. Give awards for adopted creative ideas from adults and youth with news releases, etc.

12. Tie the creativity program to any historical anniversary to provide a stimulating future look while honoring the past.

13. Involve nearby colleges in planning and researching effects of the program.

14. Provide free individual counseling on creativity.

15. Conduct a creativity fair.

BUSINESS AND INDUSTRY

1. Develop training programs for employees illustrating creative thinking methods, i.e., creative problem solving, brainstorming, input-output techniques, area thinking, attribute listing, Crawford Slip Method, etc.

2. Adopt an open door policy to generate ideas from below.

3. Improve performance results by providing plenty of recognition and awards to employees.

4. Encourage development of suggestion system programs, quality circles, etc.

5. Include creativity as a part of workers' personnel evaluations.

6. Adopt specific schools and assist in multiple ways to encourage student creativity.

CHAMBER OF COMMERCE

1. The Chamber of Commerce should be one of the key planners and participants in the total program.

2. Obtain full information and pamphlets from the regional Small Business Administration and have them available at the Chamber of Commerce and the Center for Creativity.

3. Encourage the Chamber of Commerce and service organizations to seek creative ideas to make awards.

4. Encourage the Chamber of Commerce to identify the ten most serious problems and conduct brainstorming sessions with members and citizens.

5. The Chamber of Commerce could develop its own unique lottery system with merchants to increase business.

CITY GOVERNMENT

1. The Mayor, City Council and City Manager should be key participants in planning and implementing the total program.

2. Develop a suggestion system program for city employees to improve services and save costs.

3. Develop a suggestion system program for citizens to encourage creative input from the public at large.

4. Encourage the City Council to adopt a creative enhancement policy.

5. Encourage the Mayor to declare a "Month of Creativity" with awards for best ideas.

6. Provide free leadership to city officials in brainstorming major problems with city employees and interested citizens.

7. Develop a training program on creative thinking techniques for interested employees.

NEWS MEDIA

1. The news media should be key planners and participants in implementing the program.

2. Have a weekly creativity column in the local newspapers.

3. Have the local papers report on what is generally killing creativity.

4. Encourage the local newspapers to run a brainstorming series on selected community problems.

5. Publish regular reports on program progress being made along with pictures of persons who make important contributions.

SCHOOLS

1. Encourage the School Board to adopt a creativity enhancement policy.

2. Encourage the School Board and administrators to review and adopt successful innovations in management from leading corporations.

3. Provide training for teachers and administrators in creative thinking methods and how to use them in the classroom and in management.

4. Provide suggestion system programs for all school personnel plus students themselves.

5. Encourage students to offer suggestions for school improvements.

6. Encourage better funding for the gifted student programs.

7. Include a creativity dimension in the school curriculum during school hours or after hours.

8. Involve parents and teachers in creativity workshops.

9. Educate parents through PTA on playing creative games with their children.

10. Encourage students to brainstorm their most serious problems.

11. Encourage the schools to participate in programs such as Olympics of the Mind, Knowledge Masters, Academic Decathlon, etc.

12. Teach children about networking.

13. Provide adult education courses on basic creative thinking methods such as creative problem solving, brainstorming, attribute listing, value engineering, area thinking, input-output techniques, synectics, etc.

14.Cooperate with business and industrial organizations to meet educational needs of adults after work hours in convenient locations.

This suggested program at the city level will thus help to maximize the stimulus provided by the Small Business Administration through its vauable conferences.

APPENDIX

Brainstormers

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Business Development Program

Gene Atherton and Mark Manente

Control Data Corporation

BUSINESS DEVELOPMENT PROGRAM

INCLUDES:

- STRATEGIC SESSIONS to assess needs, determine business progress and set plans for action.
- Access to WRITTEN PRODUCTS to cover topics in management, marketing and sales, human resources, finance, operations and more.
- TACTICAL MEETINGS for information and implementation assistance.
- AUDIO TAPE PRODUCTS for information and implementation assistance.

BUSINESS DEVELOPMENT PROGRAM

INCLUDES:

- **STRATEGY SESSIONS** to assess needs, determine business progress and set plans of action.
- **WRITTEN PRODUCTS** to cover topics in management, marketing and sales, human resource, finance, operations and more.
- **SEMINARS/WORKSHOPS & TACTICAL MEETINGS** for information and implementation assistance.
- **CLIENT SERVICE ASSOCIATES** to assist with the completion and implementation of business development activities.
- **CEO MEETINGS** for information on topics specifically related to the role of the CEO.
- **BUSINESS DEVELOPMENT ASSOCIATION** for graduates of the program who want the continued assistance of BDP materials and personnel.

BUSINESS DEVELOPMENT PROGRAM

The business development program (BDP) is a unique innovative management assistance program for small/medium business owners and operators to effectively manage their business. The purpose of the program is to significantly impact the owners control over the business so that both personal and strategic objectives are met. The foundation of the program is the principle that, over time, it is the owner's ideas, know-how and drive that will ensure success of the business.

- A structured process to provide effective training and motivation to the owner and operator of a business to enable them to change the way the business runs.

Freedom to Succeed...Your Way!

BUSINESS DEVELOPMENT PROGRAM

A long term....self-help program that addresses
increasing business management skills
in the areas of:

Management

Marketing

Finance

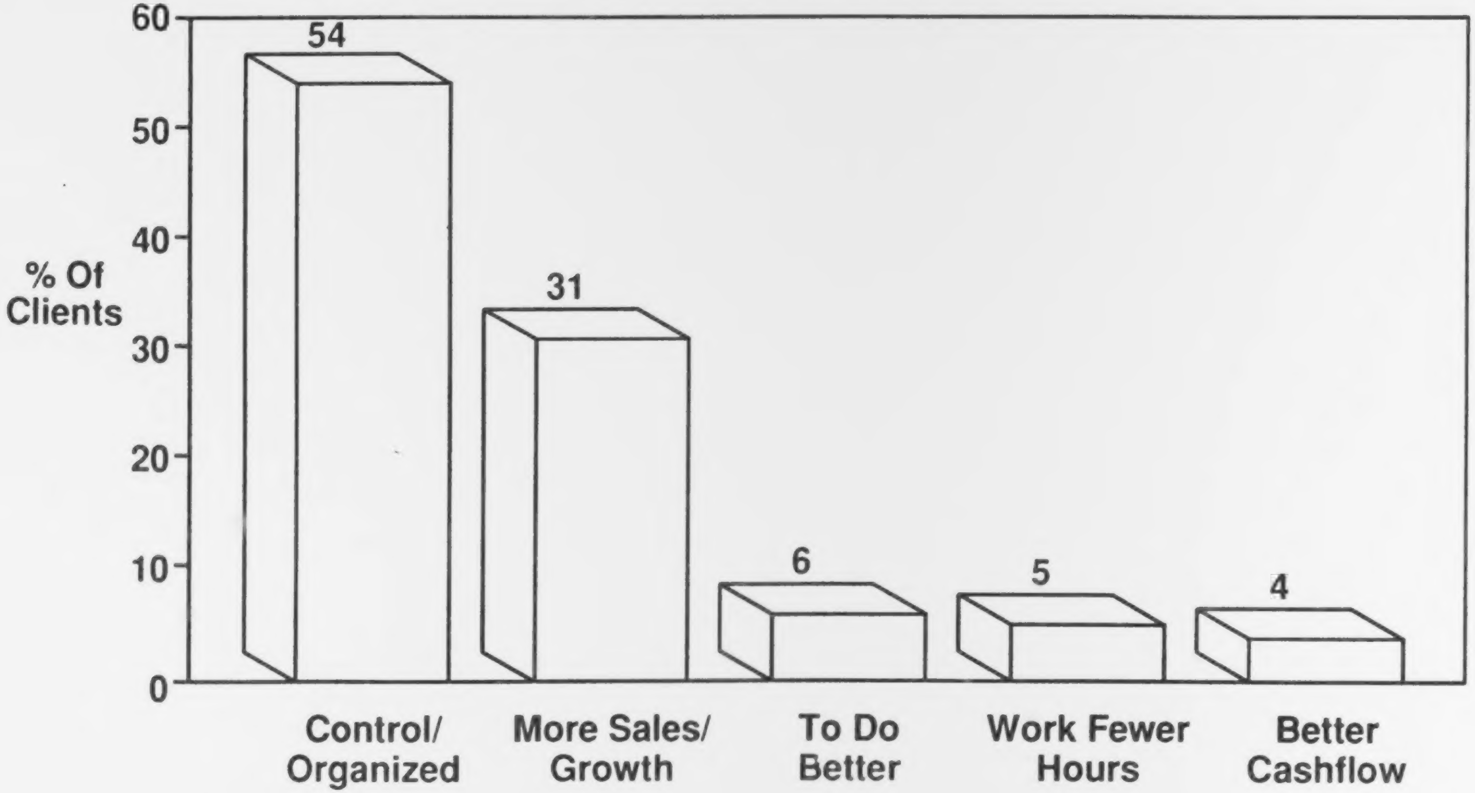
Human Relations

Operations

BUSINESS DEVELOPMENT PROGRAM

BDP CLIENT PROFILE

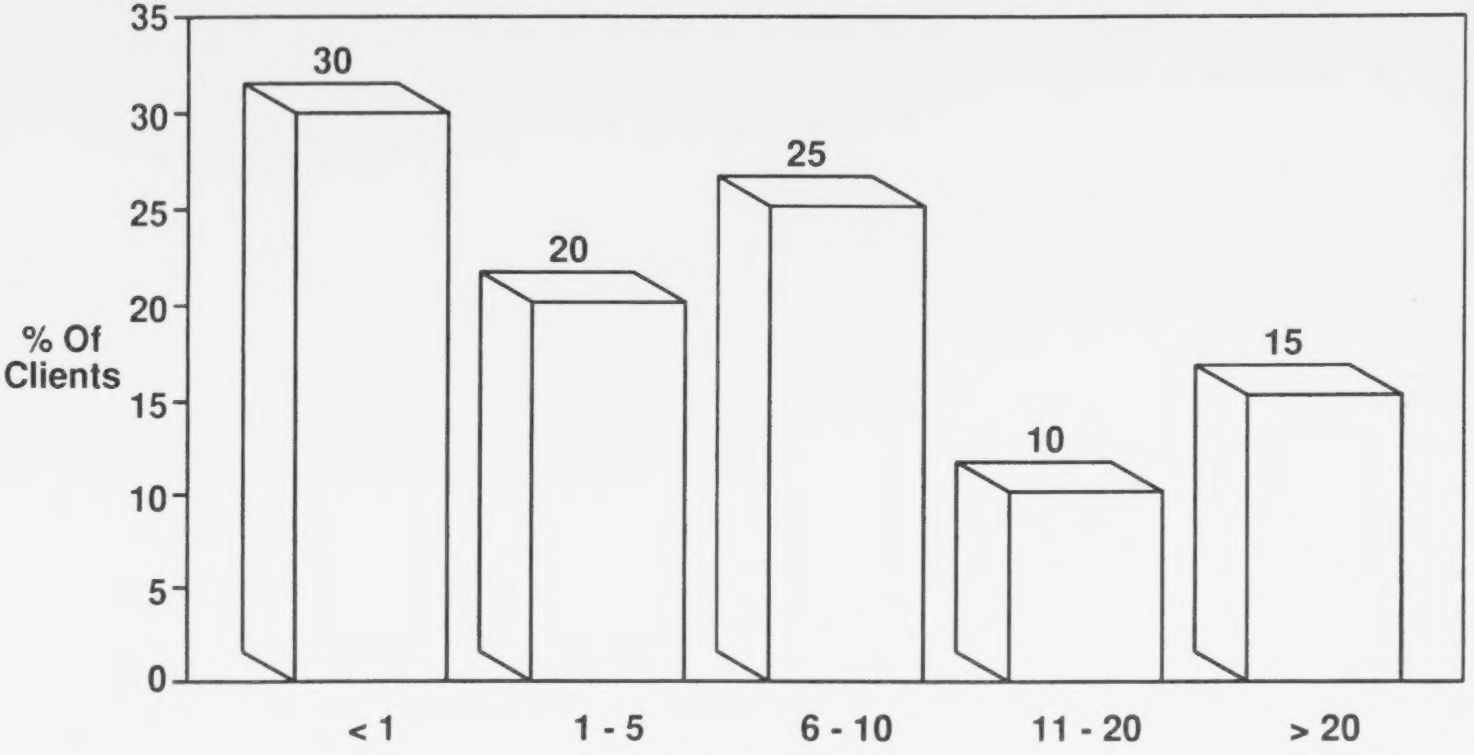
Main Client Need



BUSINESS DEVELOPMENT PROGRAM

BDP CLIENT PROFILE

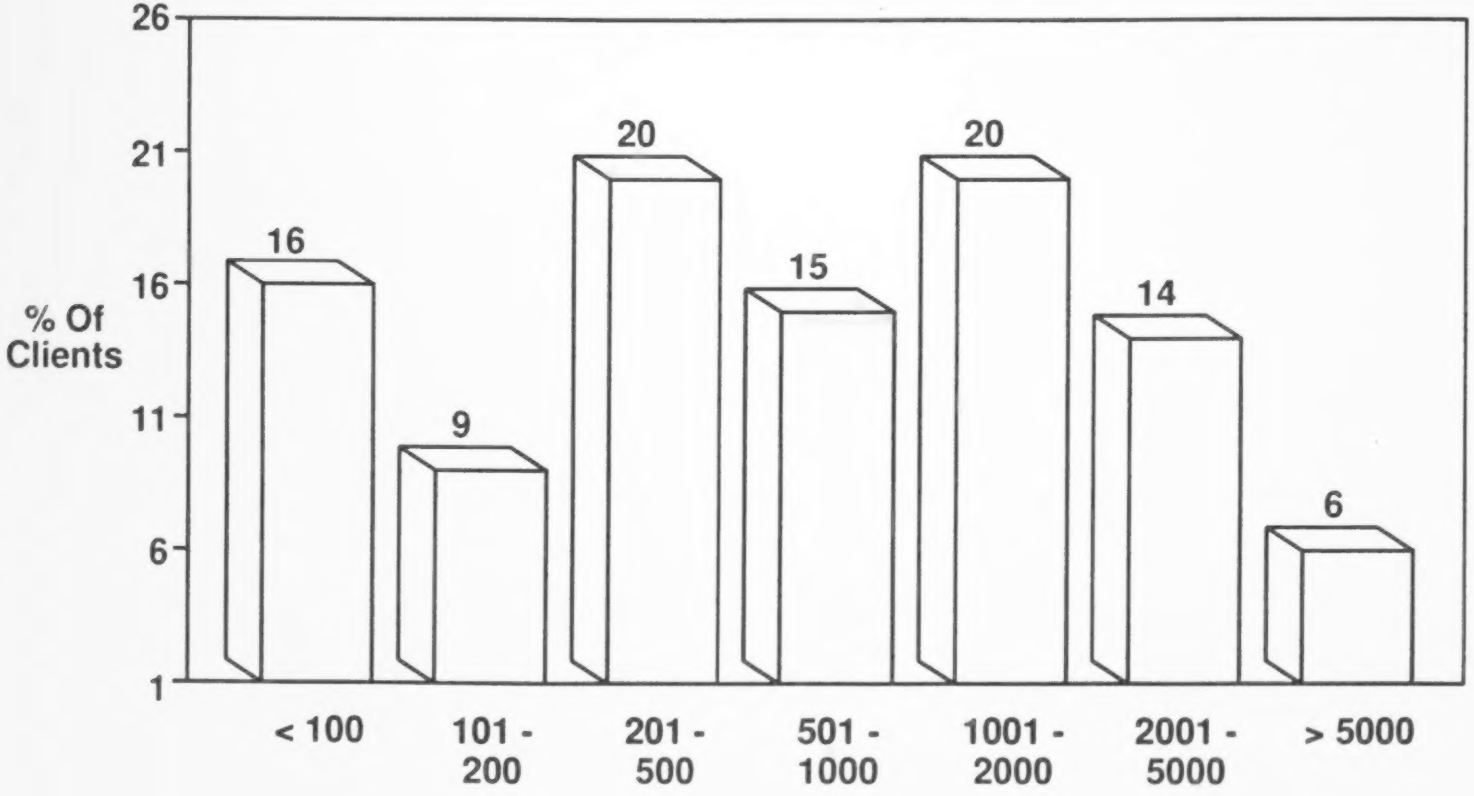
Years In Business



BUSINESS DEVELOPMENT PROGRAM

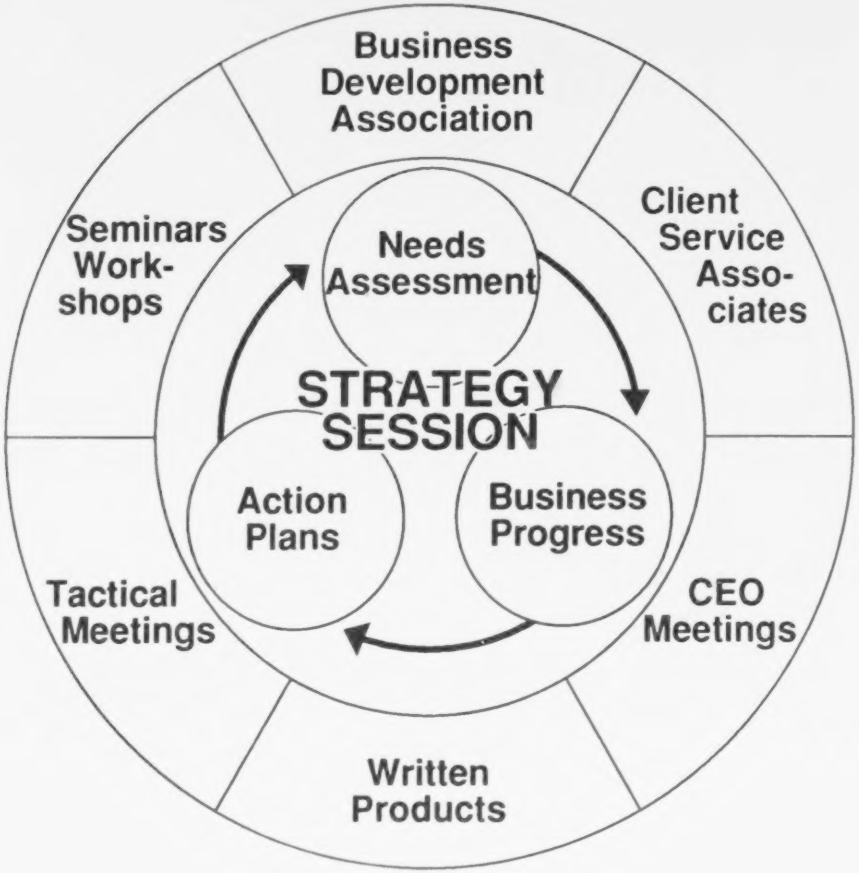
BDP CLIENT PROFILE

Revenue In $000's



BUSINESS DEVELOPMENT PROGRAM

THE BUSINESS DEVELOPMENT PROCESS



Business Development Association

Client Service Associates

CEO Meetings

Written Products

Tactical Meetings

Seminars Workshops

Needs Assessment

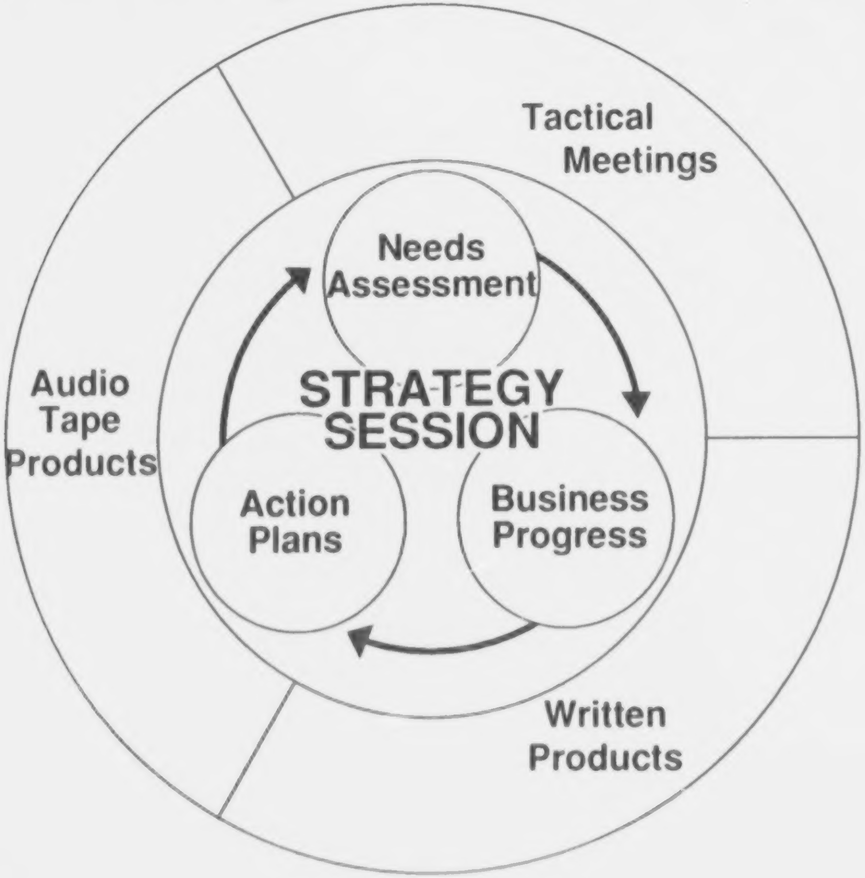
Business Progress

Action Plans

STRATEGY SESSION

BUSINESS DEVELOPMENT PROGRAM

THE BUSINESS DEVELOPMENT PROCESS



STRATEGY SESSION

Needs Assessment

Business Progress

Action Plans

Tactical Meetings

Written Products

Audio Tape Products

BUSINESS DEVELOPMENT PROGRAM
WRITTEN PRODUCTS

		# OF PRODUCTS
MANAGEMENT		
General Management		56
Organizational Strategy		19
Position Contract		296
Quality Assurance Questionaire		67
	Total	438
HUMAN RESOURCES		
Recruitment Advertisements		12
Recruitment Advertisements/Telephone Presentation		10
Telephone Presentation/Response Modules		18
General Human Resource		21
	Total	61
MARKETING		
General Marketing		79
Sales Presentation		37
	Total	116
OPERATIONS		20
	Total	20
FINANCE		19
	Grand Total	654

BUSINESS DEVELOPMENT PROGRAM

BENEFITS FOR THE SMALL BUSINESS OWNER/OPERATOR

- Produce results that meet both personal and strategic objectives
- Implement changes
- Take control of the current business
- Plan for the future
- Develop specific skills in
    - Management
    - Marketing and sales
    - Human resources
    - Organization
    - Finance

BUSINESS DEVELOPMENT PROGRAM

SEMINARS AND WORKSHOPS

Management I Seminar
Management II Seminar
Planning For Results Seminar
Controlling For Results Seminar
Time Management Seminar

Marketing I Seminar: Understanding Consumer Behavior
Marketing II Seminar: Positioning
Marketing III Seminar: Sensory Package

Positioning Workshop
Unique Selling Proposition Workshop

Sales Process I Workshop
Sales Process II Workshop
Sales Process III Workshop
Sales Process IV Workshop

Interview And Evaluation Workshop
Performance Appraisal Seminar
Performance Appraisal Workshop

BUSINESS DEVELOPMENT PROGRAM

AUDIO TAPE PRODUCTS

INTRODUCTION

1. Take Control

MANAGEMENT

2. First Step
3. Personal Objective
4. Entrepreneur, Manager, Technician
5. Managers Get Results
6. Benevolent Dictator
7. Reporting Relationships
8. Delegating and Regulating
9. Motivating
10. Fear of Planning
11. Action Plans: How to?
12. Action Plans: Why?
13. Controlling Calendars: Why?
14. Controlling Calendars: How to?

FINANCE

15. Financial Controls
16. Key Financial Indicators

BUSINESS DEVELOPMENT PROGRAM

AUDIO TAPE PRODUCTS (cont.)

MARKETING

17. Irrational Consumer Behavior
18. Perceptions and Reality
19. Emotional Gratification
20. Demographics / Psychographics
21. Market Segmentation
22. Positioning
23. Sensory Package
24. Unique Selling Proposition (USP)
25. Colors and Shapes

SALES

26. Orchestration in Sales
27. Sales Process Components
28. Implementing Sales Process

HUMAN RESOURCES

29. Managing Conflict
30. Leadership
31. Coaching
32. Motivating

CREATIVITY: ITS PRACTICAL APPLICATIONS--LEARNING THE RULES OF CREATIVE ACTION

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ABSTRACT

Creativity is problem solving; problem solving is creativity. What keeps many people from finding and acting on the "right" solutions is that they assume or make-up rules and constraints that are not necessary to solve their problem. Creativity does not involve breaking rules but understanding the rules and how to work with them.

INTRODUCTION

This paper is divided into two sections. The first is a brief review of the general principles of creativity, its definition and process. The second section is an overview of the necessity for learning the actual rules when being creative and not the "non-rules" that we assume to exist.

DEFINING CREATIVITY

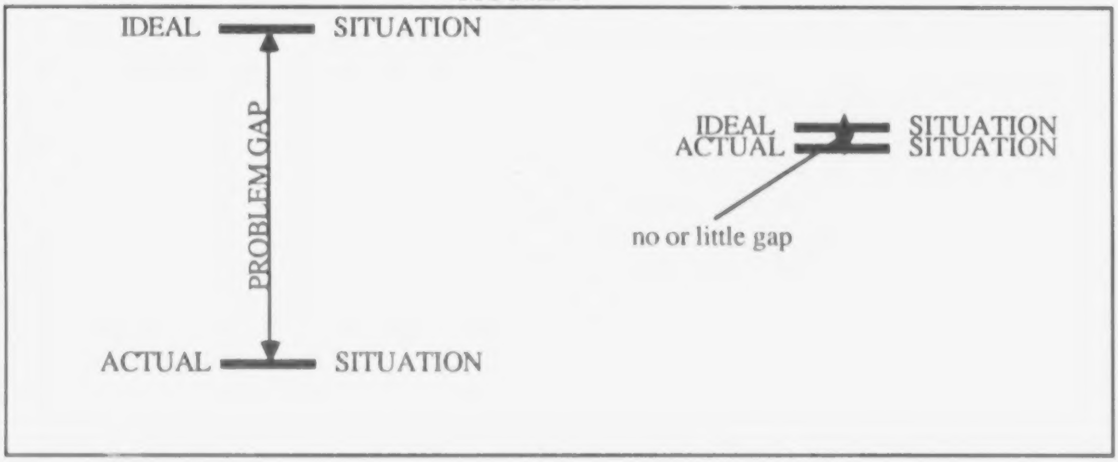
There are nearly as many definitions of creativity as there are people. Most of these definitions, however, have in common one or more of the following definitions:

> **Metaphorical:** Creativity is much like hiking down a well travelled road and noticing an interesting side-path to explore. The creative act is viewed as taking this "the road less travelled" and finding new sites.
>
> **Pragmatic:** Creativity is a unique and appropriate response to any situation. The response must answer directly to the need of the respondent and most appropriate. Many situations, particularly in business, are unique and therefore require a unique response.
>
> **Symbolic:** Creativity is the creation of new cognitive "maps" (models of in the mind). Maps serve us well most of the time. They provide ways to make money and ways to get us where we would like to go, and enables us to respond well to our fellow human beings. Much of the time when we act we act in accordance to the new or old maps in our mind. Old maps may become inappropriate however, and cease to serve us. For example try this classic puzzle:
>
> > A boy runs across the street and gets run over by a car. The father immediately takes the boy to the hospital. The physician takes a look at the boy and says: "I cannot operate on this boy. This boy is my son." How can this be?
>
> If you can't answer this puzzle you are relying upon a common map (belief) that the physician must be a male. The creation of a new map (that the physician can be female) will provide more appropriate responses.

There are many ways to create new maps. One way is to use an unrelated, irrelevant object to solve a particular problem. For example, a train can suggest a new way to look at the problem of having too many leaves on ones front lawn, and thus forming a new map. The act of creating this new map is the essence of creativity.

Problem Solving: Creativity is the process by which the difference between an ideal state and the actual state closes (Figure 1). An ideal state is any image or concept of some future situation, object, feeling or thought that the creator wants or desires. The actual state is the state that presently exists.

FIGURE 1



STAGES OF CREATIVITY

The creative process exists in many degrees and forms. Each person creates somewhat differently than others. There several different models that define the process and within each model there are variations. The creative process, however, tends to progress in a relatively standard manner. The following four stage model contains the essence of the process.

1. Focus

Here the problem or desired action is defined. This includes accepting that there is a problem or a challenge. It provides a map of the problem situation as it exists and how you would like to see it resolved (the ideal). To focus is to: zero in on a problem or thought; look at a problem from many angles; collect information about the problem; lay groundwork necessary to create something; be absorbed in a problem; have an awareness and understanding of dissatisfaction; want something to change; set goals; observe and analyze goals.

2. Incubate/Ideate

There are two aspects to this step. Only one must be present in the creative act; both may be. The first is incubation. This is when the problem or defined action is no longer the focus of one's attention. It is in the sub or extra consciousness. The particulars of the problem situation is not controlling the solutions. At this time, assumptions and preassigned "rules" are put to rest. The problem is incubating much like an egg before it hatches. The second aspect, ideating, is the process of generating an unrehearsed flow of ideas. The ideas, as in incubation, are not constrained by "rules" or "have-tos". To incubate is to: put aside preconceived ideas; relax and gestate; sleep on it; allow ideas and imagination to brew; put to rest old habits; reorganize thoughts and feelings; meditate or take a bath or walk; in short, use the power of the unconscious or preconscious.

3. Aha! and Decision Making

This is when the solution to the problem is realized consciously, when you say to yourself "Oh yeah! That's it!!" The feeling is that of elation and celebration. It is the feeling of winning a race or completing a project. It is much like the success you experience in putting together a jigsaw puzzle. You look into the box of all the pieces and find one that looks like it might fit another you have on the table. You try it. It does not fit. You spot another piece. Your try it. Again, it doesn't fit. And you are somewhat frustrated. But finally you spot a third piece in the box. You try it and it works! Aha! is basically the process of decision making: Determining that a specific idea or solution will fulfill your goal. To experience Aha! us to: have an insight or inspiration; feel exhilarated and joyful; flash on the idea; illuminate; crystallize a dream; resolve a block.

4. Action

Once you have the solution to the problem or an appropriate approach to what you desire then you act on it. No creative act is complete without action. To take action is to: implement the idea; test and verify the worth of an idea or solution; use logic and rationality to assure success; fulfill a goal; communicate an idea; give form to an idea; put it all together and make it work; confirm and affirm the truth; determine the effectiveness of an idea.

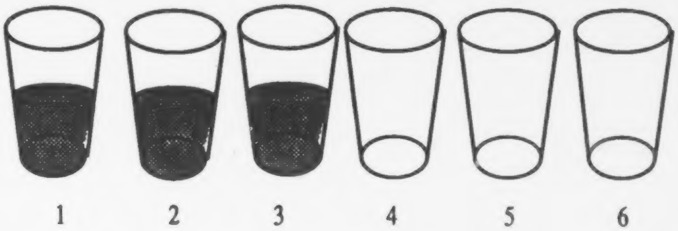
These stages are not intended to be a linear demonstration of the creative process; the stages can occur and recur at any time in almost any order.

LEARNING THE RULES OF CREATIVE ACTION

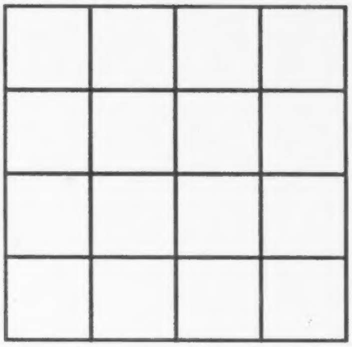
The creative act is much like a game; it contains the all essential elements: There is a goal (an ideal solution or creation), a player or players (the creator(s)), and rules. In formal games we play, such as Monopoly, Trivial Pursuit, Charades, Football, Basketball and Hopscotch, there are rules that are spelled out fairly distinctly in books. In the game of creativity and problem solving, however, there are no written rules. The only rules are based on past experiences, what our elders have taught us and what we are told during the course of solving our problems or creating the solutions. Yet we also assume additional rules based upon our conceptual, cultural, perceptual and emotional biases and orientations. We have tendencies to make up rules that do not belong to the particular game we are playing. Learning which rules really do exist will get us closer to our solutions and in the creative process.

Do the following three exercises as examples of the above[1] .

1. Place six drinking glasses in a row as shown below. Three of them are filled with your favorite wine and three are empty. Change the row so the glasses will be alternately one filled and one empty. Only ONE glass may be moved or touched.



2. How many squares do you see?



3. How can 0 + 0 = 8[2] ?

Chances are very high, at least initially, that you could not solve the first problem. One rule is given: You can only touch one glass. Yet it is the tendency for most of us to add another: The wine in the glass comes as a unit and cannot be altered. Or, to put it another way: You cannot transfer the contents of one glass into another. With this added rule you will probably not be able to the answer to the problem, which is to empty glass #2 into glass #5. Simple, but only if you know which rules to follow and which assumptions (non-rules) to leave out.

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[1] Note that these exercises are contrived examples and not real-world problem-solving/creative activities. They are intended as metaphors to real-life problems.

[2] Thanks to Sidney Parnes.

For the second problem many of you probably answered 16 squares. The answer is 30 squares. Your answer of 16, if indeed you answered 16, was probably based on the assumed rule that a square is defined as an area with no other squares or lines on it, this is not so. You assumed a rule that does not belong.

The third problem is trickier still. For years and years we have been taught the meaning of numbers and how to add. From our "normal" logic this equation does not make sense. Yet why assume that we are using "normal" logic? Maybe "0" has a special meaning that you do not yet know about. "0" can refer to the figure or shape and not the numerical value. You are probably assuming that there are rules when they do not exist!

The above problems are mere puzzles. They do not portray the complexity of most problems and creative problem solving situations. They are only intended to be used as examples of how much we assume and add non-rules to the real rules of the game of creativity. In "real-life" problem situations the assumptions are usually greater and harder to perceive. The important thing is to remember that your task in solving problems and being creative is to figure out what you are intend to create and what the "real" rules are. The assumed rules will only block you. The actual rules are there to support you in your endeavor.

SOME METHODS FOR LEARNING THE RULES

There are many methods you can use to determine which rules do not belong and which are the actual ones. The following is a sampling of such methods.

Examine What You Want To Do

There are two basic ways to approach an act that can be potentially creative.
One is to first examine the rules and then determine if the goal can be reached. Another is to examine your goal carefully your goal and determine what the "real" rules are.

The first approach invites unnecessary assumptions to be made. We concentrate of what should not be done rather then what should be done. We say,"Look at this rule--this task is impossible!" But as we are told, where there is a will there is a way. Research and thousands of testimonials have bared out the fact that successful problem solvers first look at what they would like to achieve, and then determine what the possible rules are and how to work around any rules that seem to be in the way.

Asking Why

Ask why your problem is a problem. Asking this simple question will bring you to the root of the issue and thereby clear out any of the "non-rules." It will remind you of why you are solving the problem to begin with.

Look for Possible Assumptions

Write a definition of your goals and rules. Ask what kind of assumption you may you be making. Ask what if your assumption is false.

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Carefully Examine the Words You Use

The words you use can be misleading. For example if I say "I want to go to buy some food **but** I do not have cash," the "but" seems to imply that the situations contradict each other. The fact is, I could write a check, go to the cash machine at my bank or borrow the cash I need. In addition, who says I have to "buy" the food? All I want is to not be hungry today. I can go to a friends house for dinner.

CONCLUSION

When faced with a problem situation that requires your creativity (i.e. there is no apparent solution), remember that the obvious may not be the appropriate path for a solution. It may require discovering the rules and going beyond the obvious. Unless we learn what rules exist in our problem situations we maybe doomed not to solve them.

THE ENTREPRENEURIAL PHENOMENA

By

Erik K. Winslow
George T. Solomon

Introduction

The entrepreneurial achievements of the 1970s and early 1980s came in the face of a hostile press, a resistant culture, and a stagnant "economy." The breakthroughs of these entrepreneurs are an amazing testimony to human will and ingenuity, vision and tenacity in defiance of the odds.(1)

The current state-of-the-art in studying entrepreneurs is compounded by the very term itself. The dilemma is a very real one. For instance, early definitions and many of the current definitions contain the term risk-taker. However, Arthur Lipper III (publisher of Venture Magazine) has pointed out that in his view, entrepreneurs begin their own ventures because they wish to avoid "taking the risk" of their success being dependent on other's evaluations; that is, performance appraisals, recommendations or promotion decisions made by others in hierarchical organizations. Therefore, they avoid the risk of their future success being dependent on how they "fit in" to someone else's idea of performance.

Of course, there are many of us who do see success in terms of what others define as success. We have been in academia too long not to have noticed the numbers of bright, motivated people frantically looking for journals to publish their trivial pieces, in order to conform to the publish or no-tenure rule. Incidentially, these bright people frequently lose some of their energy and vivacity in the process. We believe they have become acculturated and that may be why we see little entrepreneurial activity in academia. That is one of the points of this article.

Entrepreneurs

We believe that entrepreneurs are not "normal" people; defining normality as "the acceptance and conformity to accepted standards of behavior, as defined by the larger societal mores, taboos, traditions and rituals."(2) Of course, some observers will point out that all cultures define the maladjustment that they choose to call normal.(3)

The problem still remains. How shall we define this group, entrepreneurs? Are they risk-takers (4), risk-avoiders (5), displaced persons (6), people with passion (7) , social deviates (8) or a growing circle of heroes (9).

An audience at the Fourth Creativity, Innovation and Entrepreneurship Conference had no problem with a definition. When asked what personality characteristics were most apparent in entrepreneurs they immediately generated the list in Table I.

Table I
Characteristics of Entrepreneurs As Given By Conference Audience

Belief in Oneself
Stubborn
Freedom - Independence
Risk-Taker
Flexible
Visionary
Action-oriented
Uncomfortable Working with Others
Dreamers
Positive Thinkers
Optimists
Self-Centered
High Self-Esteem
Compulsive
Opportunists
Materialistic
Hard Working
Energetic

In this session one of the participants (probably a professor, certainly not an entrepreneur) asked "Is there a definition we are working with here?" The audience immediately responded, "Of course." Although no definition had been given, all had an operational definition of their own.

Solomon (10), in an extensive review of the literature, compiled a number of current definitions of entrepreneurs. In basic agreement with Hisrich (11), he developed a working definition of entrepreneur. Essentially, an entrepreneur is "an innovative person who creates something different with value [added] by devoting time and effort, assuming the ... financial, psychological and social risks...in an action oriented perspective...and receiving the resulting rewards [and punishments] of monetary and personal satisfaction."

Our current general definition of entrepreneur is "one who starts and is successful in a venture and/or project that leads to profit (monetary or personal) or benefits society."

The dilemma still remains, who is included and who is not to be included under the broad class defined as entrepreneur? We believe that the urge to entrepreneurship is generally, not narrowly, distributed in the population (12). Moreover, we believe that most people under certain conditions, will exhibit or be attracted to behavior that we can call entrepreneurial. Stevenson and Gumpert have stated ..."we should discard the notion that entrepreneurship is an all or none trait that some people...possess and others don't." (13)

A number of authors have suggested that life changes, occupational dislocation or basic personality characteristics provide the urge to begin a new business or to do one's "own thing". (14,15,16,17) In a sense the entrepreneurs of the eighties are analogous to the "dropouts" of the sixties.

Entrepreneurs and Non-Conformity

The list above generated by the audience at the conference is similar to many we have seen before. We may add such things as recent immigrants, high need for achievement, and so forth to the list, however, the troublesome piece is the realization that we had seen this list or these characteristics described in other places. Table II indicates a partial description of the characteristics of a behavioral abnormality referred to in psychiatric texts as a Constitutional Psychopathic Inferior or in common terms, Sociopath.

Table II
Sociopathic Behavior (18)
Major Characteristics
Not Necessarily Mentally Ill but Abberant

1. Immature and distorted development.
2. Irresponsible impulsive selfish behavior.
3. Act upon immediate sense without anxiety or guilt.
4. Little ability to control emotions especially low level of frustration tolerance.
5. Immediate personal gratification.
6. Little regard for societal conventions, mores, rules or laws.
7. Manipulative and exploitative in personal relationships with little regard for close personal relationships.
8. Frequently intelligent, spontaneous and likeable on first meeting, seen as socially charming.
9. Does not learn from experience nor see the consequences of actions.
10. Little regard for future and past.

Given these characteristics and the characteristics gleaned from other descriptions, we compiled Table III as a behavioral definition of the Entrepreneur. The similarities have led us to describe Entrepreneurs as Mildly Sociopathic.

Table III
Entrepreneur - Mild Sociopath

1. Concept of the future is guided by own sense or fantasy of the future and the ability to influence.

2. Achievement motivated in the sense of using their own ability to influence outcome.

3. See Conventional Wisdom or basic mores as useful or not useful; as guidelines not absolutes.

4. Anxious about own ability - will not be involved in areas they know nothing about. If have knowledge will act on potentialities and with great effort.

5. Need for recognition, congratulations, acceptance by certain personally specified others. Suspicious of flattery and complete acceptance.

6. Constant attention to environment and possible opportunities and misfortunes.

7. Prone to take action, appears impulsive to some. Bored with discourse, discussion and theory.

8. Learns from mistakes and incorporates into own simplified versions of theory.

9. Handle action anxiety by making a choice (their own choice).

10. Aware of others aspirations and desires, but ambivalent in role to play in realizing.

11. Handles separation anxiety by defining a select group of people. Not concerned with what neighbors think only self-defined neighbors.

12. Seems mostly characterized by ambivalence toward:
    - A. Control
    - B. Wealth
    - C. Success
    - D. Ability
    - E. Societal Values
    - F. Recognition
    - G. Social Image
    - H. Responsibility

There is some certainty in our minds that describing someone as mildly sociopathic is disconcerting, at least to the people who believe they fall into the category of entrepreneur. However, the number of articles that have pointed to unemployment trauma, mid-life crisis, unresolved authority figure dilemmas (Oedipal or Electra complexes), sub-societal membership and immigrant status give solid reason to believe that entrepreneurs are not "normal" in terms of society expectations, mores, taboos, or codes of conduct.

Table IV gives a short list of what may be roughly considered a conformist or in current slang a "yuppie."

Table IV
Conformist

1. Conforms to society values, rules and dogma-tenets. Very aware of society's taboos.
2. Sensitive to future, ability (drive) to postpone, immediate gratification for perceived future gratifications.
3. Anxiety and guilt a common element, even to the point of guilt over fantasies on possible courses of action.
4. Decision making on accepted principles and social based perceptions and logic. Culture values of rationality are accepted.
5. Action anxiety common - can identify problems with all courses of action, plan endlessly but move infrequently.
6. Conformity is regarded as a virtue, concern with appearance and prone to separation anxiety.
7. Major need is acceptance and belonging.
8. Use conventional wisdom as a guide, standard and developmental agenda.
9. Strongly influenced by institutional memories.
10. Highly reactive to situations and dilemmas, action based on society mores and accepted conventional wisdom.
11. Some balance between social and individual control over destiny - but believe that society sets place.

There are obvious differences between these lists of characteristics, but what seems apparent is that entrepreneurs seem to possess more characteristics used in describing sociopaths than in describing conformists. Reisman (19), along with others has pointed to the gray flannel suiting of American business and society. His classification of inner-directed people as opposed to other directed people may be helpful in our understanding of the entrepreneurial phenomenon. If most people are other-directed, that is, conforming to the will of peers, groups or organizations, then people who operate by their own standards certainly would be seen as "not-normal." In fact, certain processes of acculturation which build up social self-images (college, family background, success in structured environments) may operate to hamper or dampen the urge to inner control.

Liles (20) gives an example of a Yale graduate..."describing how Charlie had...bought a second hand dump truck. That's when it dawned on me that because I went to college I could never buy a second hand dump truck... When I ran across an old friend I could not afford to explain that I was the owner of a dump truck. No, I was with ABC Corporation..."

This feeling of having a self-image to protect or the feeling of being externally controlled or success being determined by comparisons generated within large organizations is one that is constantly reinforced with the current business education framework. The encouragement is to ..."go with XYZ," the study is of the Fortune 500 and analysis of giant corporate strategies.

The social deviate, however, is willing to use his own internal sense of direction, not so much disobeying society's mores, but defining a different set of mores or a different set of people to use as guides. Also, entrepreneurs can be found everywhere. An interview with the president of a large university gave us a great example. "I guess I was `different.' It certainly astounded people when I said presidents of universities are known by the buildings they build not academic programs. We were in the red when I came. We are in the black now because we built buildings."

Entrepreneurs and Sociopaths

In order to prevent our readers from immediately subjecting known or suspected entrepreneurs to batteries of psychological tests, institutionalization, corporate loyalty oaths or security checks it may be well to point out that entrepreneurs are not mentally ill. They are *different* and that difference is one aspect that makes them interesting, colorful and fun to study. We may point out the clear differences and similarities between what we perceive to be entrepreneurs and sociopaths. We do wish to remind the reader that earliest references pointed out that entrepreneurs were also found among self-employed beggars and highwaymen. The major differences we see is a concern and a passion for the product, a concern for quality, recognition of importance of business associates and long-term relationships, and an anticipation of the future. McClelland (21), in reviewing cross cultural studies of entrepreneurs points to the above as common characteristics differentiating the entrepreneur from general managers.

The similarities are, perhaps, more a matter of degree than complete congruence. Both are prone to take action without clear ideas of the future, of course sociopaths do not recognize future consequences, where entrepreneurs see failure and success being determined in the future. Both are charming, spontaneous and likeable on first meetings and neither develop close personal relationships or at least are ambivalent about them. Goleman (22) reports that Kao sees entrepreneurs as charismatic, socially adroit and evangelistic - they were not as sharp in math ability as their MBA peers but made it up with their social charm. Sociopaths are described as socially charming, manipulative and exploitative. If we substitute charismatic, charming and evangelical we do have a similar description. Both are opportunistic, willing to act impulsivlely or what others see as impulsive. Both are uncomfortable with rules, conventional wisdom and other's expectations and acceptance.

The major differences are striking, but still indicate entrepreneurs as different and willing to be seen as different.

Entrepreneurs have a sense of the future - the future is their own fantasized version and frequently different from accepted visions. They learn from their experiences and yet continue to develop ventures contrary to conventional wisdom and seem to use failure as a point of pride.

The most striking and paradoxical fact about the careers of successful entrepreneurs is their continual failure and frustration. As Soichiro Honda told a graduating class at Michigan Technological University: "Many people dream of success. To me success can be achieved only through repeated failure and introspection. In fact, success represents 1 percent of your work which results only from the 99 percent that is called failure." (23)

Entrepreneurs need recognition and acceptance, but are suspicious of flattery and complete acceptance. They are aware of society's conventions but see them as guides not laws. They are aware of others aspirations and desires but are unsure of the role they play in aiding others.

They are different from those of us who conform in their willingness to stretch the rules. (24) "One of the key principles of entrepreneurship - the business of breaking the settled mold-is the absence of clear and fast rules" or, we would say the ignoring of clear and fast conventionally accepted rules. Early in life entrepreneurs seem to have learned that it is easier to apologize and ask for forgiveness than it is to receive permission. They are unwilling to conform, when conformity means behaving in ways that are similar to others whom they do not respect.

This may be in fact the strongest example of entrepreneurs being somewhat outside of the core of society. A basic observation in sociology is that progress is rarely made from the central core of society, but stimuli for change come from the edges. It is no surprise then that children of immigrants, later born children, suddenly unemployed (displaced workers) and new entrants into the work force would show entrepreneurial energy. These groups, either through the concept of "the marginal (man) person," i.e., someone who must contend with one set of social norms, roles and traditions in the home, ghetto or class, while being forced to deal with different norms, roles, expectations of a larger society may, in fact, develop a "marginal" relationship with rules, conventional wisdom or expectations. The process of acculturation can be either depressing or can release great energy. Certainly the immigrants of the United States, the Chinese in Malaysia, the Indians in Africa, the Algerians in France have demonstrated the entrepreneurial elan that starts new ventures. This process and the attitude of individualism, rule bending, impulsivity, the wish to "make it" is an aspect of certain identifiable groups.

We believe that the positive contributions of entrepreneurs in their successes and the rewards that are received shape entrepreneurs in such a way that they, for the most part, stay within the legal bounds of society. In that respect they are not the totally rebellious antisocial sociopath. However, they certainly are less comparable to the conforming, middle manager or bureaucrat that are a necessity in large government and corporate organizations.

Summary

This article has a number of purposes. The first is obviously to attempt to aid in the development of understanding and acceptance of entrepreneurial activity and the entrepreneur. We believe that the present economy is one which enhances entrepreneurial activity. We also believe that there is a pronounced love/hate relationship between established organizations and acculturated managerial personalities and the clearly "not-normal" person who exhibits entrepreneurial behavior. "There is no place for an entrepreneur in a mechanism, or an aggregate, or a process of incremental change. The policies based on these assumptions (economies of aggregation and incremental change) will always leave the entrepreneur out." (25)

In the present turbulent economic environment, many of the mechanisms are not adequate. The entrepreneur will aid in rewriting the field of economic growth. We believe that by understanding that these personalities are fun, frustrating and difficult to control, they can be accepted. One of our favorite entrepreneurs (a university president previously quoted) said, "I'm not sure I want to be understood. I'd like to be remembered." The rewards, for society in accepting and encouraging these deviates, and organizations are tremendous.

Secondly, we hope that by using an admittedly loaded term we will stimulate arguement, disbelief and research. More so we would hope that the world of academia would begin the process of reformulating business education to be energetic, risky, fun, right brained oriented, less concerned with accrediting bodies , statistics and more concerned with education that prepares people to be opportunistic, action-oriented and passionate. That is, a generation of mildly sociopathic managers very similar to those pioneers that settled the frontier, but in this generation would shape economics frontiers to provide better living for all humans.

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HOME-BASED BUSINESS: AN OVERVIEW

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The number of people who work at home is somewhere between 8 and 23 percent of the work force, depending on the definition used for "work at home" (Figure 1). The current Population Survey (CPS) of May, 1985, counted 9 million people who worked at home 8 or more hours per week. Economists and policymakers wish to know much more about the characteristics of home-based work. There are, however, complex measurement and definitional problems.

We believe the numbers of home workers are growing, but we do not know how rapidly.

Why are they growing? **Some of the forces affecting home-based work are...**

1. The computer has stimulated work at home.

2. All home occupations have gained credibility attracting more people to work at home in occupations such as real estate sales, technical writing, and dressmaking. For example, The Department of Agriculture is sponsoring "Sewing for Profit" workshops which teach business methods to help restructure hobbies or marginal occupations. The SBA is holding regional conferences titled "Home: a Smart Business Base."

3. Employees are asking to work from home, full-time, part-time, intermittently, or overtime.

4. New businesses are being started from home.

   In each instance, individuals wanting more control over their lives are a driving force for home-based work.

Forces opposing work at home are coalescing around the issue of "independent contractor" versus "employee" status.

Concerns focus on worker compensation and the workplace:

1. Transfer of costs to workers.

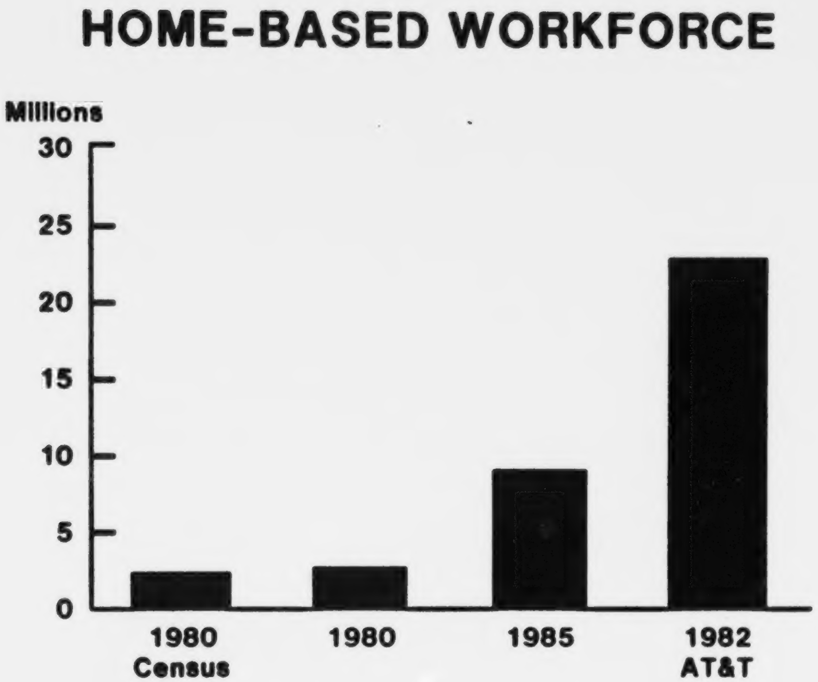
   The concern is that employers may redesignate bona fide employees as independent contractors and in the process transfer a whole spectrum of performance and benefits costs to the workers.

   Independent contractors like Mary Dworjan are not compensated, for example, for coffee breaks or for document stapling and delivery not covered by word processing piece rates; they pay their own social security tax, health insurance, and pension contributions.

2. Under collection of tax revenue.

   The IRS is responsible for collecting revenue. Their concerns with home-based work include who pays for social security benefits and whether or not a personal computer or home office deduction is allowable.

3. The difficulty of monitoring the workplace for hours and pay under the Fair Labor Standards Act means that sweatshop conditions, child labor and other abuses are deemed more likely to occur.



Source: Annual Housing Survey Current Population Survey

FIGURE I

4. People are concerned about the health and safety of the workplace.

What are the policy issues raised by these forces?

"The primary public policy issue in home-based work is whether the Federal Government should:

1. **actively encourage it,**
2. **actively discourage or forbid it, or**
3. **take neither action."**

The Office of Technology Assessment report Automation of America's Offices, cited as "parties at interest...employers, home-based workers, their families, other workers (especially clerical workers and working women with children), and unions.

"The issue also tends to engage people with an ideological position regarding home and family values, equity for women, and alternative life styles."

"Society in general has an interest, in that some potential costs may be shifted to the taxpayer when home-based workers are converted to the status of independent contractors."

As hosts of this conference, we hope to learn from you the specific issues you see being raised.

The question is...

What Information is Needed to Understand the Policy Issues?

A growing heterogeneous, shifting population of employees, moonlighters, and business operators, at different times in their lives, work at home part-time, full-time, overtime, intermittently, and seasonally.

Can this total population be captured in a survey that will permit its disaggregation into clearly defined subsets?

Only if it can will the needs of policy makers, union leaders, advocacy groups, business leaders, and researchers be served.

In their study for the SBA on how to measure and characterize this population, Pratt Associates has recommended a survey that will enable long-range employment trends to be identified.

The recommendation implies that:

1. **Surveys must use BLS categories and subdivide or aggregate those categories by follow-up questions to capture desired groups;**

2. **Sampling and data analysis must use census methodology; and**

3. **Detailed profiles are needed of home workers.**

The Pratt study found that a CPS Supplement best answers these requirements.

We know that between 1977 and 1983 the self-employed group grew faster than the numbers of wage and salary workers (Figure 2).

The census categories of self-employed, and wage and salary, do not directly get at the population that we at SBA want to measure.

We want to divide the labor force into business and non-business categories.

SBA considers BUSINESS OWNERS to include:

1. the unincorporated self-employed,

2. the incorporated self-employed (who are called by the Census Bureau wage and salaried employees of their own companies), and

3. unpaid family workers whom we consider to have implied ownership in a family business (Figure 3).

That leaves everyone else as employees (Figure 4). But to the SBA and to some other organizations, employees who have one or more businesses on the side—we'll call them business moonlighters—are also important to count because some become full-time entrepreneurs.

SBA is not interested in employees who hold two or more jobs, but other groups are. Therefore, instead of using the Bureau of Labor Statistics term "dual jobholders," it is more useful for us to call these groups "business moonlighters" and "employee moonlighters."

We can divide the various groups into home-based and non-home-based (Figure 5).

We can subdivide even further based on whether or not the worker uses a computer to telecommute as a test of the hypothesis that computer use is a particular driving force of the trend toward home-based work.

ANNUAL PERCENTAGE CHANGE IN SELF-EMPLOYMENT AND WAGE-AND-SALARY EMPLOYMENT
1970-1984

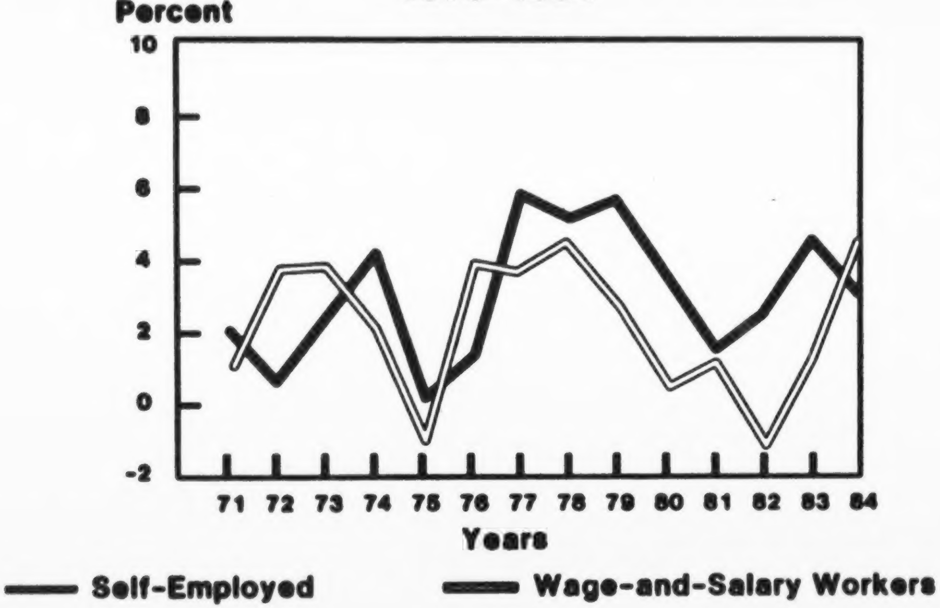


FIGURE II

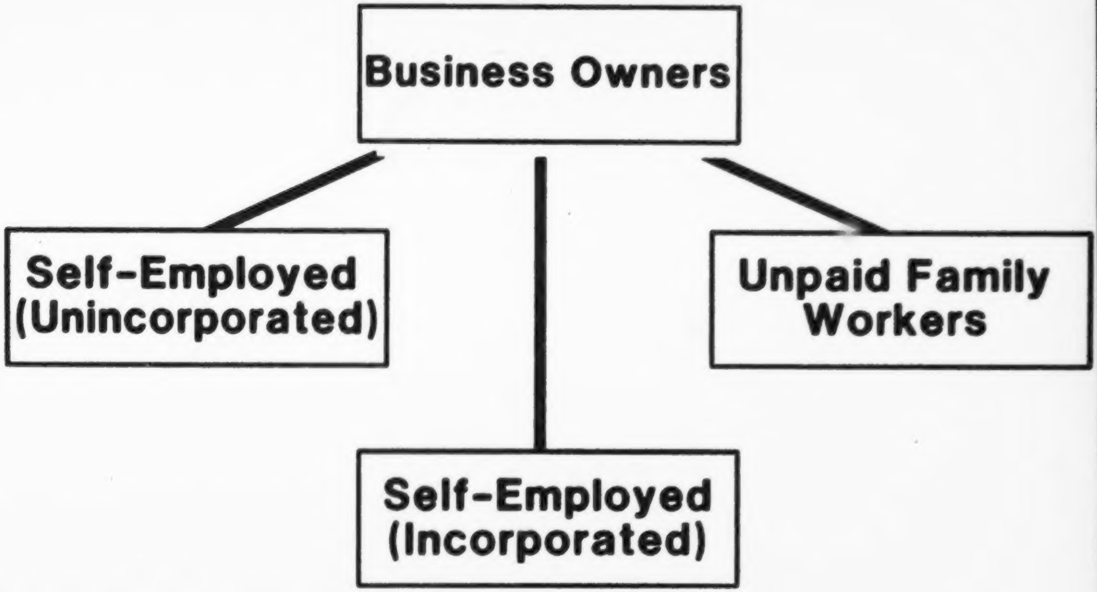
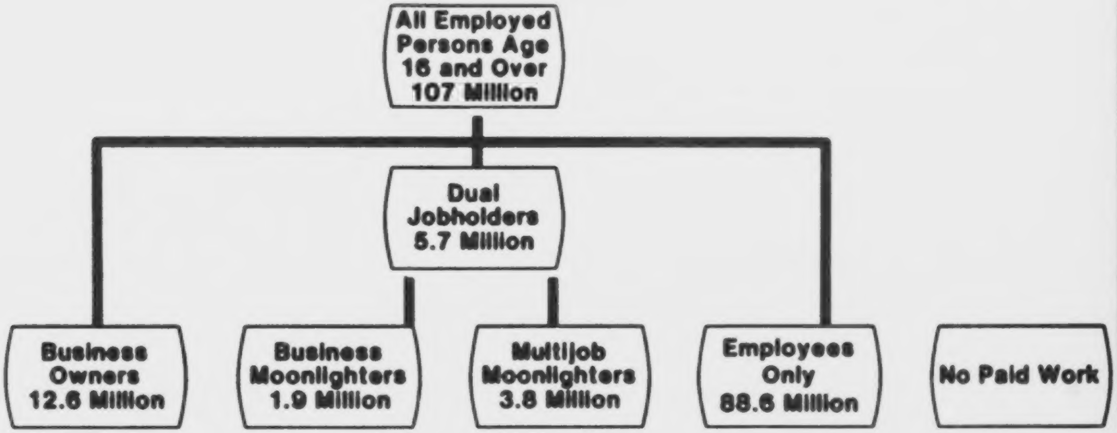

Business Owners
Self-Employed (Unincorporated)
Self-Employed (Incorporated)
Unpaid Family Workers

FIGURE III

MODEL OF THE WORKFORCE



All Employed Persons Age 16 and Over 107 Million

Dual Jobholders 5.7 Million

Business Owners 12.6 Million

Business Moonlighters 1.9 Million

Multijob Moonlighters 3.8 Million

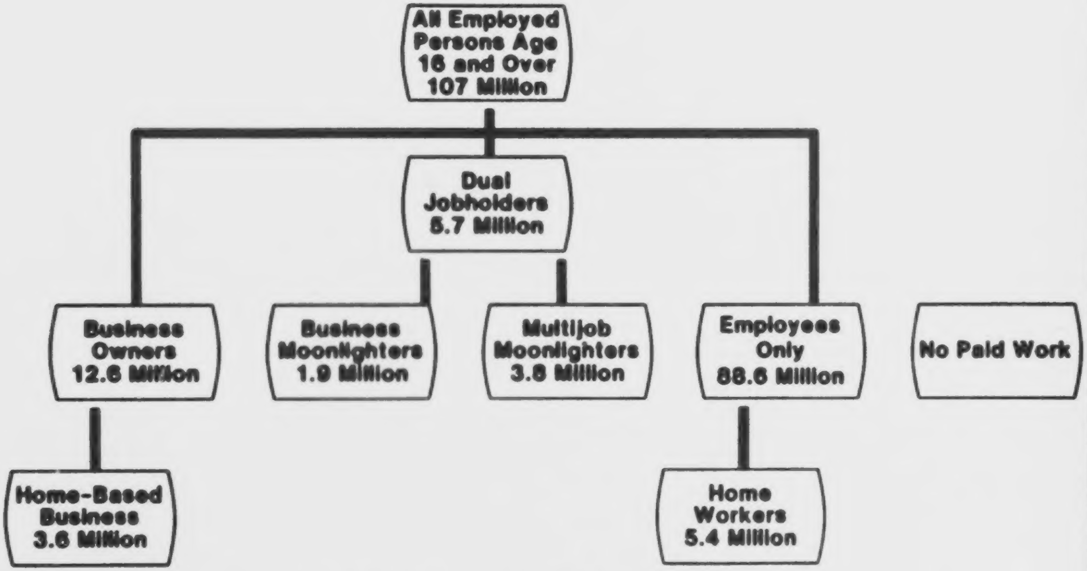
Employees Only 88.6 Million

No Paid Work

1985 Current Population Survey Data.

FIGURE IV

MODEL OF THE WORKFORCE


All Employed Persons Age 16 and Over 107 Million
Dual Jobholders 5.7 Million
Business Owners 12.6 Million
Business Moonlighters 1.9 Million
Multijob Moonlighters 3.8 Million
Employees Only 88.6 Million
No Paid Work
Home-Based Business 3.6 Million
Home Workers 5.4 Million

1985 Current Population Survey Data.

FIGURE V

Different subsets than the business-related categories chosen for this study may be more useful for other research. For example, breakdowns into occupational categories, or into full, part-time, and overtime work would highlight important variables.

We need to know much more about the characteristics of home-based work than can be gathered in one survey. With census data as a baseline for comparison, scholars and analysts can construct in-depth surveys of small samples.

There are complex measurement problems in designing and interpreting surveys of remote work.

Our first discussion session will focus on Programmatic Interests in Home-based Business or Work.

Our second goal today is to jointly address the Technical Measurement Issues.

Several (of many) Measurement Problems are:

1. **Home-based work has multiple definitions.**

   Terms for home-based work include:

   cottage industry
   telecommuting
   telework
   remote work
   work at home
   home business
   home-based business
   home occupation
   home office
   sunlighting

   "Telecommuting," for example, is defined as the partial or total substitution of the daily commute by communication via a computer terminal;

   "Telework" refers to the use of computers as a primary communications tool in the workplace;

   A "home-based business" is an enterprise producing goods or services that may be operated in or from the home. It may be a full-time or part-time enterprise. Thus, painters, plumbers, and electricians who work from their homes as well as graphic artists, consultants, and beauticians who work in their homes are included in this definition.

2. **Thirty-five or forty hour weeks are not "standard."** The new "standard" week mixes work and non-work

throughout seven 24-hour days. Can we define a home-based worker by the amount of time he works at home? Again, it depends on why one wants to know.

AT&T surveyed volunteer as well as income-producing home workers in order to predict the total home market for their products.

3. **The reference point for today's "work" is ambiguous.** Multiple meanings of the word "work" stem from the past hundred year separation of income-production from family life. Thus a stockbroker may "go to work" in a home office isolated from everything but a telephone line or he or she may "work" both at "the office" and at home. Other distinctions must be clarified such as between "work" carried out both at the "office" and in the "home office."

4. **And finally, what do we mean by "home"?**

   A craftsperson weaving in a spare bedroom is clearly home-based.

   What if he works in the garage?

   Or in the barn?

   If a market research owner operates her ten-person firm from a separate apartment in her multifamily residence, does she have a home-based business?

Our recommendation is to capture the home-based population with the broadest net possible. It is difficult to predict at this stage which factors will be most important for future research and policy making. In the next two hours, however, we would like to hear your priorities.

"HELEN'S KITCHEN--A RECIPE FOR SUCCESS"

Helen Delores Smith

Helen Smith had worked as a secretary for 27 years when a fire destroyed her employer's business. She suddenly found that it was very difficult for a 45-year-old divorcee to find a job; therefore, she was forced to seek food stamps and welfare to support her three children.

Helen had one thing she knew she did well--baking pies. She went to five local restaurants asking them to sell her pies until she could find a job. They agreed, so she found a $50 stove at a garage sale and began baking her pies for local restaurants. Within two months people all over town were placing orders with her. The night before Thanksgiving 1980 Helen stayed up all night baking 100 pies. Each pie was propped up on pillows for delivery; pillows and pies filled her car--the seats, the floorboards, and even the trunk.

Finally Helen found a job as a secretary for a Houston oil company. For three years she left Baytown at 4:30 a.m. for Houston, 23 miles away, and returned home after dark. Her former customers kept asking for pies and suggested she open a pie shop.

Giving up a good job with a regular paycheck and wonderful benefits was not an easy decision to make. Before Helen began working on the business, she enrolled in a Small Business Administration seminar through Lee College's Continuing Education Division. The SBA course was worth its weight in gold to her.

In 1983 Helen went to the Small Business Administration office in Houston to apply for a loan. It took her three months, working evenings with a borrowed typewriter at Lee College, to complete the paper work necessary to apply for the $25,000 loan. She spent the time awaiting approval visiting other bakeries, talking and learning all she could about her new trade. After receiving an SBA loan, Helen worked hard to make her funds go as far as possible. She rented a small building for $75 a month, then personally laid the floor and painted so the building would pass health inspection.

Helen's five-year business plan projected sales of $100,000 at the end of five years in business. At the end of her first year, sales had reached $137,000.

Helen's Kitchen

The main product of Helen's Kitchen is pie, 25 varieties of it. The leading sellers are chocolate and coconut, based on a family recipe. Each Friday Helen's runs out of either chocolate or coconut because of their popularity. The second most popular group of flavors is pecan, cherry, and apple. Helen's sells 150 to 200 pies per day, 20 to 30 cakes, kolaches, and cookies. Chocolate chip is the best-selling cookie flavor. Other flavors include peanut butter, oatmeal, raisin, and sugar. She has also branched into croissant sandwiches and soup for lunch, wedding cakes, and catering. Helen's Kitchen employs 15 persons during the year and 20 during the holiday season (November through December).

Even though many more pies are made each day now, Helen never skimps on the quality that gives her concoctions such a special touch. She uses whole milk, butter, fresh or frozen (never canned) fruit, and over 1,800 fresh eggs weekly. Helen is the final decision maker on what is good enough to be sold by personally tasting each batch. Her recipes for everything from fillings to pie crusts and brownies to kolaches are worked out by her until she gets just the right taste.

Frozen Pastry, Incorporated

Helen's pie crust has been one reason her pies are so special. After a few months in business, she began offering frozen pie crust through grocery stores. During the first holiday season she was in business, 10,500 pie crusts were sold in local stores.

To expand her distribution, Helen went to the specialty gourmet grocery, Jamail's of Houston, who was her first out-of-town customer. Helen delivered her first order to Jamail's packed in an ice chest.

To effectively market her crust, Helen took two partners, L. W. McDonald and W. T. Burge, in the summer of 1985. By October 1, distribution had expanded to 83 stores in the Houston area. By February of 1986, 800 stores in Houston carried Helen's Kitchen Pie Crust. Now the crust is carried by stores in Dallas, Fort Worth, Austin, San Antonio, and Baton Rouge, Louisiana. Approximately 17,500 cases of pie crust were sold during the holiday season of 1986. Currently, the pie crust factory employs seven persons. Her future plans include nationwide distribution, as well as franchising and opening a pie shop in Houston.

Family Involvement

Helen's daughter, Melissa Kilgore, is a cake decorator; her son, Clay, is assistant manager of Helen's Kitchen. Her other son, Craig, manages the pie shell factory. Her son-in-law and daughter-in-law also work in the business.

Achievements

In February of 1985, Helen appeared on "The Eyes of Texas" with Ron Stone encouraging women to begin their own businesses.

Helen Smith won the Environmental Improvement Award presented by the Baytown Clean City Commission in April of 1985. It was awarded for her "attractive, cheerful restoration of an old building that brings life to its neighborhood." Her establishment of an attractive business in an area of town that had been declining in attractiveness and economic impact for many years has been an inspiration to other businesses.

On June 26, 1986, Helen encouraged women to start their own business while appearing at a conference, "Women: Living and Working in the Eighties," co-sponsored by Lee College and the Small Business Administration.

Helen appeared on Houston Channel 26--Warner Roberts Show-Houston Noon News in the summer of 1986.

In October 1986, Helen spoke at the Home-Based Business Conference in Houston, Texas, sponsored by the Small Business Administration and The Travelers Corporation, Small Business Initiative Program. Also in October, Helen's Kitchen was transformed into a TV studio when film-makers from Travelers Insurance Co. filmed Helen Smith and her employees at work. The two-minute film clip will be sent to over 550 television stations nationwide. The clip will be shown as a human interest feature at the end of news broadcasts.

Helen Smith was appointed to the Small Business Assistance Center advisory board at Lee College in November of 1986.

In March 1987, Helen appeared at a conference in Los Angeles, California, sponsred by the Small Business Adminstration.

Conclusion

Helen Smith gives as much back to her community as she takes from it. She is a member of the Baytown Chamber of Commerce, Greater Southwest Bakers Association, and the Texas Restaurant Association. She assists with fund drives and other worthwhile causes for service organizations in Baytown.

"MANAGING CREATIVITY AND INNOVATION"

H. DANIEL STAGE, D.B.A.
JAMES T. MARTINOFF, Ph.D.
ALLEN P. GRAY, Ph.D.

"Managing Creativity and Innovation" proffers a model of micromanagement techniques used to stimulate and manage the individual creative process within business organizations. Recent trends in management literature emphasize general macromanagement approaches for developing creativity among employees by restructuring corporate cultures. This paper attempts to apply specific micromanagement techniques to specific phases of the creative process.

I ORGANIZATIONAL CREATIVITY: A MICRO MANAGEMENT MODEL

Popular management literature suggests that successful organizations practice creativity in many ways. Theorists Peters and Drucker, in their study of innovative U.S. firms, found that institutionalized creativity and innovation contributed strongly to their excellence (12). Drucker, who categorized proactive organizational efforts by these organizations to stimulate innovation, listed seven sources of organizational creativity (4). Like Peters, he promotes the active implementation of programs within businesses to stimulate creativity among employees.

Recent management literature has focused attention on techniques to help individuals stimulate their own creative abilities (17), (8). Split brain research, for example, provides business people with "right brain" exercises to enable them to operate at more creative "whole brain" levels. Another trend in literature attempts to describe methods to facilitate corporate or macro level creativity. Macro level approaches, such as corporate culture restructuring, emphasize both workplace environments and management practice (10), (13).

Increasing emphasis on organizational creativity can be attributed to several factors. Consumer demand for new products and services as well as escalating competition from countries like Japan that learn, apply and improve on production techniques has heightened the need for innovation within firms. But large Western firms are responding to the domestic and global challenge by developing new products, processes, and services while reducing costs. Managers who recognize the importance of innovation must encourage and nurture the creative process among employees within their business units. This article attempts to provide managers with tools for stimulating and cultivating this process.

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II DEFINING ORGANIZATIONAL CREATIVITY: CREATING AND INNOVATING

Although creativity and innovation are used interchangeably to describe "organizational creativity", their definitions in business settings have received different treatment by authors. For example, Simon emphasizes that "... hard work and persistence represent a very large part of the ingredients that go into creative performance" (16). Young suggests that creativity " is the skill for bringing about something new and valuable" (20).

Innovation, on the other hand, can be defined as "... a link in the chain that follows creativity" (1). Mansch, characterizing innovation as "organized creativity" concurs with Botkin's definition of innovation. Zaleznik (21), quoting Koestler (9) and Gardner (5) suggests that "creative work involves a vertical thought process that escapes habitual modes of perceiving and produces new realities, proceeding from chaos to order" (21). He views innovation as a horizontal process using past experience, linear reasoning and trial and error approaches. The innovator works within an existing system and tunes it through "tinkering" to a higher level of performance. Zaleznik concludes that innovators within the system are usually given organizational support while those who operate in a creative or vertical mode often offend the system and incur organizational wrath.

Creative and innovative energy are essential for modern organizations. Creativity produces the breakthroughs while innovation refines these breakthroughs, thus enabling firms to successfully compete in the domestic and international marketplace.

III ORGANIZATIONAL CLIMATE FACTORS - A MACRO APPROACH

Organizational climate factors are generic characteristics within companies that facilitate or inhibit creativity. Organizations that fail to provide a conducive environment for creative work undermine a leader's ability to manage creativity and innovation. Climate factors are often dichotomized into those that are workplace-oriented and those related to managerial attributes.

Workplace-oriented factors have been the subject of research in the area of creativity for many years. For example, Seghers discovered that shades of yellow and green were more "restful" than blue (15) while Glass, Singer and Friedman indicated that high noise levels and unanticipated noises bring about reduced performance (6).

Managerial attribute factors, on the other hand, relate to management's personality and behavioral expressions. Quinn crystallized these attributes as strategies used by successful creative corporations (13). They include: opportunity orientation, structure for innovation, phased program planning, political/psychological support, and chaos within guidelines. Corporations such as Dupont, 3M, and IBM have developed corporate structures for innovation by implementing incentive programs for innovative employees. Some provide financial rewards; others, intrapreneurial opportunities leading to new product lines or strategic business units.

Modern firms that provide employees with a comfortable workplace and supportive management set the stage for creativity. Employees should be encouraged to use their "creative energy", participate in a risk-free environment and enjoy the benefits of their successes.

IV MANAGING THE CREATIVE PROCESS - A MICRO APPROACH

When situational micromanagement techniques are used by managers in a supportive organizational or macro-level environment, creativity and innovation can flourish. Situational micromanagement techniques help the manager recognize creativity in individuals and through mentoring and coaching, bring innovative ideas to successful completion.

Management theorists have attempted to delineate the creative process into various levels or phases. Walter, a theorist of the Thirties, proposed a three-phased model, grounded by intensive analyses of causality, calling the phases perception, apprehension and comprehension (19). Wallas and Guilford used psychological approaches that evolved into a four-phased model that included preparation, incubation, illumination and verification. (18) (7). Cagle expanded on their concepts and developed two parallel, three-dimensional models for both abstract and concrete domains (2), while Koberg and Bagnall proposed one of the longest models with seven phases (8).

For management purposes, a simple model is most appropriate. Accordingly, a modification of the Wallas - Guilford models (deleting "incubation") was developed by the authors. The phases are named initiation, generation, and consolidation.

V MANAGING THE INITIATION PHASE

The initiation phases marks the beginning of organizational creativity. It is fostered by a supportive corporate attitude - those macro-level factors suggested in the section on macromanagement. The initiation phase can activate simple innovations or highly complex creations and may also facilitate an iterative series of outputs building on previous results.

The mental plan that is unleashed during the initiation phase creates an energy potential that is governed by two critical factors; awareness and desire. Awareness is a knowledge - based consciousness of changing organizational needs and requirements. This factor is operationalized by employees who are tuned into the direction and expectations of the organization.

The second factor, desire, relates to the feelings and initiative of employees. Having little to do with facts or data, it encompasses intuitive and spontaneous wishes and longings and is fostered by open communication and mutual respect.

The interactions between awareness and desire determine the results of the initiation phase. A four quadrant 2 X 2 matrix (appendix A) is used for illustrative purposes. It should be noted that this and subsequent matrices are not designed to place people in permanent "boxes"; rather, they should be viewed as spaces with infinite positions around which individuals tend to migrate over time.

Quadrant A encompasses mature employees who are cognizant of organizational needs and possess the initiative necessary to participate in creative solutions. In the 3M corporation, these employees are designated as "champions" when their ideas evolve new product management opportunities (12). Such employees require little micromanagement motivation in those firms that have developed climates supporting the creative process.

Quadrant B locates zealous employees. Such individuals are usually infatuated with the new and seek change for its own sake. These employees, however, often lack organizational focus or knowledge required to cope with diversity. The manager is faced with a dilemma: he must nurture the zealous employee's desire to create while simultaneously focus his direction to parallel that those of the firm. In the worst case, this is akin to coaxing a Van Gogh to paint like a Rembrandt.

Managers who ascribe to an employee acculturation process can resolve this dilemma. Employee acculturation acquaints the employee with the firm - its mission, strategies, goals, objectives, culture, inertia, constraints and resource limitations. The employee's role within his group should be taught and frequently reinforced. Workers should be encouraged to concentrate on horizontal innovations within their job scope rather than on earth-shattering creations outside their scope.

Reluctant employees of Quadrant C are aware of the need for change but lack initiative and self-direction. Reasons for their apathetic attitude include laziness and a belief that organizational creativity is management's "job". Schibler suggests that effective management techniques aimed at encouraging "reluctant" employees include both "selling" and "just do it, damn it" approaches (14).

Current management theorists disagree with Schibler's methods. For example, Spencer and Blanchard who use "one minute" techniques, rely heavily on Behavior Modification theory. The weakess of this modern approach assumes that managers have the requisite skills and willingness necessary to provide employees with regular, sincere and meaningful feedback on actions that are both consistent with their goals and the company's objectives.

Quadrant D locates the indifferent employees - those who have little interest in contributing to the creative output of their company. Because they often prefer to operate as non-creatives, highly programmable or repetitive jobs may be ideal for them. Some indifferent employees have clinical dispositional problems that defy management's abilities to redirect them while others suffer from job-induced difficulties that are more easily resolved. Job-induced problems include insufficient job qualification, boredom as a result of over-qualification, stress from an excessive workload and uncertainty about management's expectations (11). Sensing and reversing such problems should shift the indifferent employee to another quadrant. Managers unable to solve them may judiciously apply techniques from quadrants B and C.

VI MANAGING THE GENERATION PHASE

Idea generation begins to occur after the creative process is successfully unleashed during the initiation phase. The time duration of this phase varies; in some situations, ideas emerge immediately, while in others, employees require a gestation period before ideas emerge in finished form. Sub-phases of the generation phase include problem analysis, issue definition, alternative listing, and idea selection.

For ease in explanation and consistency, the same two factors, technical competence and attitudinal competence, govern the micromanagement of all sub-phases. This enables the manager to focus attention on the overall generation process.

Technical competence can be defined as the mastery of skills necessary to perform a given task. It includes a knowledge of the theoretical and conceptual underpinnings of the related field as well as the routine techniques associated with its practice.

Attitudinal competence, however, comprises an entirely different dimension of the individual's creative and innovative capabilities. It is the feeling dimension of the generation phase that encompasses a continuum ranging from complete freedom to total inhibition. Innovators experience the fewest problems since they operate by fine tuning the existing designs, procedures and policies. Conversely, vertical thinking creatives often run up against traditional bureaucracies. Zaleznik contends that creative employees suffer psychological damage in highly bureaucratic organizations and may retreat into safer avenues of conformity (21).

Creative or even innovative characteristics within individuals often require the individual to expose highly vulnerable aspects of his inner-self. Because the fear of disclosure of weaknesses can be overwhelming, managers must properly manage these delicate feelings both during the generation phase and the subsequent consolidation phase.

Attitudinal freedom is strongly influenced by the macromanagement aspects of organizational creativity. Signals picked up from the workplace environment and organizational culture are evaluated and tested by employees. Firms can change the signals received by employees; organizationally through macromanagement techniques and individually, through micromanagement guidelines discussed in the generation phase.

A 2 X 2 matrix (appendix B) is also used here as a space from which to demonstrate the interactions between the key factors of the generation phase, technical competence, and attitudinal competence. The resultant four quadrants are discussed below.

Proficient employees of Quadrant E are competent with both the attitudinal and technical dimensions of their job. The manager should focus his attention to the corporate environment by improving the workplace and the most proximate aspects of the organization's climate. Easy access to tools, paperwork simplification, minimizing interruptions, shielding the employee from routine meetings, inane committee activities and budgetary hassles are steps that management can take to create a conducive atmosphere.

Headstrong employees of Quadrant F resemble the zealous employees discussed in the previous section. Both are attitudinally sound but lack technical focus. Headstrong employees have a tendency to exaggerate the importance of their ideas and often exhibit a willingness to take on tasks that far exceed their capabilities. They express eternal optimism and an alarming degree of self-confidence but lack focus. Rather than reprimand these employees, managers should channel their efforts within a limited task structure. By structuring tasks and providing training sessions, apprenticeships, informal work group assignment and mentors, well-managed headstrong employees soon become valuable proficient employees.

Inhibited employees of Quadrant G possess technical competence, but lack the desire to participate in creative endeavors. Often they are reluctant to risk self expression and inducing innovation from these employees may uncover ingrained behavior patterns requiring skillful handling. Social acculturation is often at the root of the problem; most groups reward conformists and characterize "creatives" as social deviants. The manager's goal with the inhibited employee is twofold: convince him that the company appreciates and rewards innovation; then, encourage him to attempt innovation in a risk-free environment. The use of a formal group structure to stimulate innovation provides inhibited employees with a signal that creativity is welcomed and encouraged. Coupled with positive reinforcement from managers and peer groups, the employee gradually feels the freedom to create.

The immature employee of Quadrant H lacks both attitudinal and technical skills sufficient to generate creative ideas. New employees often fall into this category. Among longer tenured immature employees two groups emerge: those who passively support organizational creativity but do not participate in it, and those who oppose the process. Passive supporters often lack self-confidence while antagonistic immature employees pose a different set of problems. Some fail to support organizational creativity and impede it by taunting participants. Particularly vulnerable are inhibited employees who become even more reluctant to innovate. Strongly structured, task-oriented supervision usually curtails overt antagonists. But the covert ones, when identified, may require physical isolation or termination from the organization.

VII MANAGING THE CONSOLIDATION PHASE

The consolidation phase challenges managers to master the most delicate of all leadership techniques. Unlike the previous phases, this consolidation phase relies on a single process - the sensitive task of critical judgment. In our context, it can stimulate or eliminate an employee's inclination to continue with organizational creativity.

Judging creativity and innovation demands more than a finished-product inspection process. Such processes presume the existence of pre-set criteria and tolerance limits that clearly define product acceptance and rejection. The finished products or outputs of organizational creativity are different. Most innovations and virtually all creative outputs inherently defy pre-set criteria. Attempts to set such standards inhibit the creative process, limiting the quantity and quality of the individual's creative outputs. Consequently, the generic term "satisfaction" is used as the management equivalent for critical judgment.

The consolidation phase 2 X 2 matrix (appendix C) views proactive judgment as a positive phenomenon and categorizes creative output with respect to management satisfaction and subordinate or creator satisfaction. Both managers and employees are satisfied with the ideal creations located in Quadrant I. Those managers who use meaningful and genuine praise can motivate creative employees to strive for greater accomplishments.

Imperfect creations of Quadrant J are functional equivalents of ideal creations, but the creative employee disagrees with management regarding the quality of his own creative output. He believes it needs more refinement and work. Driver classified such people as integratives and described them as people who seek multiple solutions, embarking on complex searches that continually branch out to even greater complexities (3). Integratives decry schedules and resist terminating creative studies before they reach the ultimate breakthrough.

Managers of such employees must freeze design at the latest possible date in order to optimize both creativity and economies of production. This organizational need should be explained to the designer at the outset of his project. Praise and organizational rewards should be used to motivate integrative subordinates who have coupled their creative talents with the realities of the company.

By contrast, the rejected creations of Quadrant K pose a delicate management challenge because they represent differences in opinion between managers and subordinates regarding the quality of the creative output. In this situation, the manager is dissatisfied with the end product while the employee believes that the output is satisfactory. The delicacy of this situation is profound. The manager may react with passive, aggressive or investigative rejection in response to a rejected creation.

Passive rejection is used by managers to insulate them from the unpleasantry of handling unacceptable creations. It takes the form of bureaucratic red tape, committee referrals and endless delays to avoid facing the employee with the truth about his creation. Although it provides a short term solution, this approach is highly demotivational in the long run. Aggressive rejection is kinder; it involves immediate, honest and accurate negative feedback but it is seldom motivational, occassionally neutral and more often demotivational. Investigative rejection, on the other hand, explores the processes that lead to the unacceptable creative output. It is based on the premise that salvage value exists in most creative undertakings. While investigating the unacceptable output, the manager and subordinate trace its development through the creative process. Errors or faulty reasoning are identified, discussed and analyzed. Often, useful solutions emerge, but even when they do not, all parties come out ahead: the manager, with a new respect earned by his concern and willingness to provide active, positive support; and the employee, who feels that he was given fair treatment. The employee may also feel temporarily depressed, but in most cases, will attempt to create again. He has learned that organizational creativity is a risk-free endeavor that has the full endorsement of a caring and supportive manager.

Quadrant L describes unacceptable creations. These creative outputs are clear failures as perceived by both management and the employee. The common response is to shrug them off but a better alternative exists. This method applies a modification of the investigative rejection approach suggested above. The difference lies in the employee's attitude and how it is affected by the manager's proposed investigation. If the employee has a positive attitude, he believes that an examination of his work will shed light on the creative project, perhaps salvaging all or part of it. Coupled with the manager's concern, this can be highly motivating. On the other hand, the employee may fear a "witch hunt" and become demotivated or estranged. The manager's challenge is to predetermine the employee's response to the investigation. Although trial and error is the typical approach, error minimization can occur by setting ground rules for post mortem activities before the creative cycle is initiated.

VIII CONCLUSION

Organizational creativity is an essential attribute of successful modern business firms. Without it, the organization lacks the vitality it needs to compete and survive. Because of this, the management of creativity and innovation is a vital concern.

Few attempts have been made to apply micromanagement techniques to specific levels of the creative process. The proposed model has face validity and is consistent with theories of creativity and modern situational concepts of management. A research design is currently in progress to further validate the model with empirical data collected from questionnaires, structured interviews and site observations.

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PHASE I

INITIATING

		AWARENESS	
		Yes	No
DESIRE	Yes	A Mature Support	B Zealous Orient
	No	C Reluctant Redirect	D Indifferent Reassign

Stage, Martinoff, Gray

PHASE II
GENERATING

TECHNICAL COMPETENCE

ATTITUDINAL COMPETENCE	HIGH	LOW
HIGH	E PROFICIENT IMPROVE MACRO MGMT.	F HEADSTRONG FOCUS
LOW	G INHIBITED VITALIZE	H IMMATURE STRUCTURE

STAGE, MARTINOFF, GRAY

PHASE III
CONSOLODATING

		CREATOR SATISFACTION	
		HIGH	LOW
MANAGER SATISFACTION	HIGH	I IDEAL PRAISE	J IMPERFECT FREEZE
	LOW	K REJECTED INVESTIGATE	L UNACCEPTABLE INVESTIGATE

Stage, Martinoff, Gray

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GROWTH THROUGH MERGER AND ACQUISITIONS

For the growing and dynamic enterprise, the skill, daring, and resourcefulness of the entrepreneur is the key ingredient for success. In many instances, entrepreneurs determine that acquiring a needed operation will enhance enterprise growth more successfully than internal development.

Merger acquisition is a time-honored strategy by which entrepreneurs have gained for their enterprises such vital operating features as raw material supply sources, channels of distribution, product patents and formulas, geographic coverage, and production facilities, equipment and personnel.

Compared to internal development, merger and acquisition can provide the entrepreneur with the following substantial advantages:

1. FASTER EXPANSION
   Many target enterprises have excess production capacity, underutilized distribution channels, and complementary products or services. This can provide for faster expansion than internal development which can be delayed by such problems as attaining and implementing new equipment and facilities, finding and training new employees, and developing and distributing new products and services.

2. ACCELERATING OPERATING RESULTS
   By utilizing available resources of the established

organization, the entrepreneur can direct target enterprises to achieve desired operating results faster than struggling start-up situations.

3. BETTER UTILIZATION OF ENTREPRENEURIAL TALENT
   Entrepreneurs can focus their special talents and skills on the target enterprise where they can have the greatest impact rather than having to solve the many basic problems with a business start-up.

4. ACCESS TO LARGER AND BETTER FINANCIAL RESOURCES
   Target enterprises can provide a proven track record of sales and earnings along with identifiable assets. These may be more easily evaluated by debt and equity investors who may offer better financial terms.

5. BETTER PLANNING FOR FUTURE RESULTS
   The sales and earnings track record of target enterprises often provides useful information and experience for planning future operations with greater accuracy.

While merger and acquisition offer great strategic opportunity, there are significant risks that must be considered. Some of these include:

1. Enterprises are often for sale because of a known present or pending problem that may significantly impair operations and cannot be overcome.

2. Target enterprises also bring with them their unknown problems such as latent defective products and undisclosed liabilities.

3. Upon completion of a merger or acquisition, subsequent operations of the target enterprise may unduly drain managerial talent and financial resources from the acquiring company.

4. Contemplated gains of compatibility as to key personnel, facilities, and products and services may not be realized.

5. Target enterprise representations as to capabilities, assets and markets may be overstated.

6. Unforeseen personality or goal conflicts may arise.

7. Purchase price paid for the target enterprise may exceed the justified value.

8. Decision to proceed with a merger or acquisition may preclude action on an alternative opportunity.

Achieving the advantages of a merger of acquisition, while limiting the risks, requires a complex and time-consuming process that incorporates a number of different skills:

1. Establishing criteria for the desirable target company while integrating the long term objectives of the acquiring company.
2. Finding, investigating and analyzing appropriate target companies.
3. Evaluating the match between acquiring and target companies.
4. Structuring the economic, tax and legal aspects of the transaction.
5. Negotiating merger and acquisition terms.
6. Obtaining necessary financing.
7. Marshalling the many documents, exhibits and commitments for closing.
8. Transferring operations to new owners.
9. Implementing and monitoring plans for achieving desired results.

Combined with entrepreneurial endeavor, this process has enabled many companies to utilize merger and acquisition techniques for becoming large organizations and national giants. However, a similar technique poorly implemented has brought other companies to their knees. Business Week magazine recently estimated that about half of all mergers and acquisitions undertaken by public companies failed to meet anticipated objectives.

Because large financial resources often are at risk, investment bankers traditionally have provided assistance in all aspects of the merger and acquisition process. Since this is one of their principal services, investment bankers have endeavored to develop the depth and breadth of expertise needed in this complex process.

The needs of privately owned companies contemplating a merger or acquisition strategy require special skills and attention. Consideration of a merger or acquisition may be a new experience. The company resources may not be available to handle the necessary elements for this rewarding but complex process. Working on a daily basis with entrepreneurs, lawyers, accountants and commercial bankers, investment bankers have become a valuable resource to assist the entrepreneur in achieving merger and acquisition objectives. Since investment bankers devote much of their time to understanding the debt and equity markets, they are in an excellent position to assist in obtaining necessary capital to finance the successful merger or acquisition. In addition, by working with experts in many industries and fields, investment bankers bring a wide range of knowledge and ideas that can provide the creativity and insight to overcome obstacles.

When contemplating a merger of acquisition, the investment banker is a valuable person who can assist you in achieving your growth objectives.

INNOVATIVE LEADERSHIP FOR ENTREPRENEURSHIP EDUCATION

LINDA VAN BALLENBERGHE, ALASKA DEPARTMENT OF EDUCATION
DOUG MAHR, CALIFORNIA DEPARTMENT OF EDUCATION
M. CATHERINE ASHMORE, NATIONAL CENTER FOR RESEARCH IN VOCATIONAL EDUCATION

ABSTRACT

Vocational educators in this decade have explored the idea that many of their graduates could and do become entrepreneurs. Yet the vocational curriculum has not, in the past, provided much training for business ownership. Seldom have guidance counselors even considered that vocational students might use their skills to become self employed. This paper discusses the national network of over 30 states who are determining new ways to include entrepreneurship in vocational education. Representatives from the National Entrepreneurship Education Consortium will share specific programs being used in California, Ohio, and Alaska to encourage entrepreneurship among youth and adults.

INTRODUCTION

Small business has become big in the eyes of many vocational educators as we view the growth of this sector of our economy. Vocational education's mission has always been to provide skills for the American work force. Today we are recognizing that almost half of that work force is composed of small business owners or their employees. Their needs for occupational education and business understanding may be quite different than those of large corporation employees.

The U. S. Small Business Administration reports that over 85% of the U. S. businesses employ less than 20 employees. In the recent recession new small businesses provided 2.5 million jobs while the Fortune 500 companies lost 1.5 million jobs, thus netting our economy a million jobs.

The National Federation of Independent Business suggests that many of these new small businesses may be started by people with little or no college education and very little business training. Forty percent of the national survey of 5000 entrepreneurs had only a high school degree or less. Another fact worth looking at is that thirty-eight percent said they never had a business course. So we have two things happening. First for those future entrepreneurs who are in high school and perhaps become potential high school dropouts, as educators it's our last opportunity to give them some relevant business training. Second we have a chance to help them plan and perhaps to embark them on a path that will stave off their business failures.

Where will the motivation to start a business be developed in our educational system? As educators we think we can impact on their career goals by teaching vocational students about the possibilities of small business ownership.

LIFELONG LEARNING PROCESS

The National Center for Research in Vocational Education, along with the National Entrepreneurship Education Consortium, has been promoting a lifelong perspective on training for entrepreneurship. Basically there are five stages which we see as the lifelong model. The first one is a kind of prerequisite stage where you are building awareness, you are developing some basic skills, identifying career options, and understanding what is entailed in the free enterprise system.

At the second stage you start developing some entrepreneurial competencies. You discover what those competencies should be and have a better background to understand the problems of employers.In stage three, you get into working with young adults to develop creative application of business ideas and you prepare for the future start-up of a business someday.

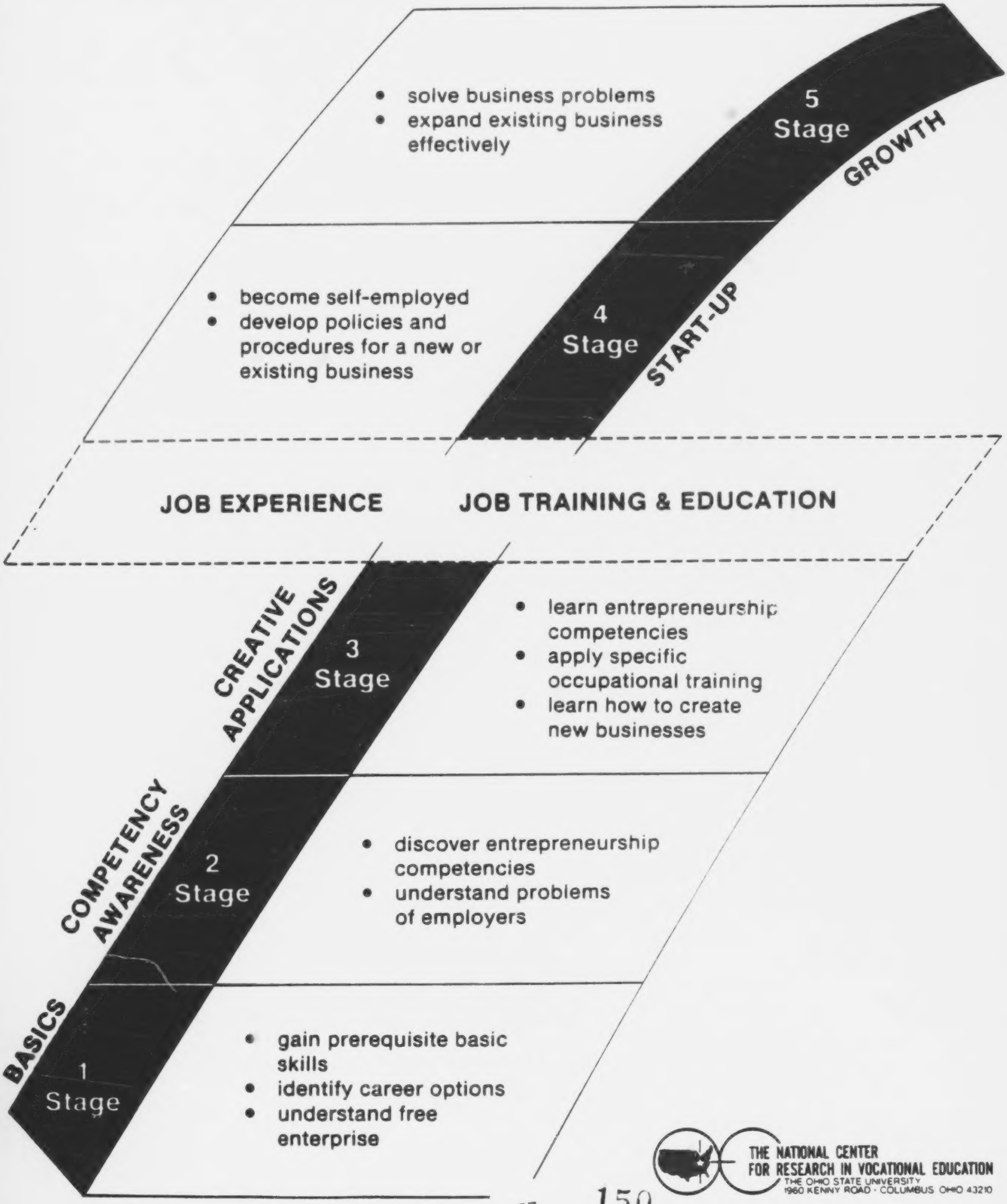
Then it is important that our students get some job experience, further job training and education before becoming entrepreneurs in real life. Some of them will move into the business start-up phase and eventually into growth of their business. These last two stages have been the focus of the SBA and adult education programs in the community.

The National Center for Research in Vocational Education has also developed a number of curriculum programs to go along with the idea of lifelong learning to become more entrepreneurial.

We feel it is our business to help small businesses by providing competent high school graduates, competent post-secondary students, and adults who are trained for the needs of small businesses. Looking at it from the educator's perspective, we can teach students about innovative, creative applications of their own career planning and the problem solving techniques, so they can deal with all of these different challenges. They need to know, whether they are employees or employers, how to deal with new processes, with population changes and demographics, popular attitudes, and new knowledge. Entrepreneurs are not necessarily born, but that they can be taught skills and be given experiences that develop their entrepreneurial confidence. Business ideas develop from such creative thinking.

What are the specific benefits to students of entrepreneurship education? There are many. Our students contribute to the economic well-being of the community, and our programs provide personal growth before adulthood. Entrepreneurship education is a

LIFELONG ENTREPRENEURSHIP EDUCATION MODEL



5 Stage
GROWTH

- solve business problems
- expand existing business effectively

4 Stage
START-UP

- become self-employed
- develop policies and procedures for a new or existing business

JOB EXPERIENCE **JOB TRAINING & EDUCATION**

3 Stage
CREATIVE APPLICATIONS

- learn entrepreneurship competencies
- apply specific occupational training
- learn how to create new businesses

2 Stage
COMPETENCY AWARENESS

- discover entrepreneurship competencies
- understand problems of employers

1 Stage
BASICS

- gain prerequisite basic skills
- identify career options
- understand free enterprise

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vehicle to their growth because it includes career planning, basic economic awareness, business understanding, the application of skills, decision making, and creativity in business problem solving.

Well, how do you teach entrepreneurship? In looking at the curriculum materials, you don't have to develop specific courses as the sole way to introduce this to students. One way is to infuse it into existing programs. You can use an introduction to explore a career alternative for the students. You can use entrepreneurs as resources in existing programs to provide a role model. You can provide individualized instruction opportunities for special students. There are many innovative ways of infusing entrepreneurship into existing vocational programs being tried by the states in our consortium.

We believe that entrepreneurship is a logical outcome of vocational education. Entrepreneurship education obviously presents a new challenge. And it is a different image of the outcomes that we wish to have for vocational education.

Entrepreneurship education is one of the most important things going on, not simply in education, but in the whole area of economic growth and development. It is obvious where the future entrepreneurs will come from. Those entrepreneurs are in our schools, today.

CALIFORNIA'S APPROACH

I want to focus on some very specific reasons why we are pursuing an emphasis on entrepreneurship in California. But first I want to assure you that because of the difficulty in pronouncing the "entrepreneur" term and the spelling of it, we have decided not to use entrepreneurship, as a term, in California. We are just going to call it small business ownership. That will eliminate a lot of errors, I think.

I like this statement, "California, the state of entrepreneurship, built by dreamers on the premise that anything is possible. California is the undisputed champion of turning ideas into reality." Why? California has ten percent of the national population, yet it absorbed 44 percent of all the venture capital in this country. The implication is that if there ever was an opportunity for entrepreneurial success, it is right here in California.

Here is some interesting information: 40 to 50 percent of small businesses are started by people with a high school education alone. Seventy percent of all new jobs in this state will come from entrepreneurs, and many more women own businesses in California than in any other state, i.e. 1.4 million. We would like to suggest that entrepreneurship is not for everyone. If we were to suggest that entrepreneurship was for everyone we would be creating unrealistic expectations, so we are not pushing that direction. We know that an individual's abilities, interests, and attitudes are the conditions which will determine whether a person is successful as an entrepreneur. We see entrepreneurship in education in California serving two purposes, first, to provide students with the knowledge of skills management necessary for employment, and second, to assist students in making decisions about whether self-employment is a viable option for them.

We are approaching the development of entrepreneurship in California at two different levels. Level one is an awareness level. And to create that awareness of the opportunity for self-employment and the impact that small business plays in our economy, we are offering two possible options for students to learn about small business ownership and management. We are developing a module which can be infused as a unit in all business education courses and all vocational education courses, as a career orientation, a guidance counseling function. Secondly, we are creating this awareness of business ownership though a short course which partially or fully meets all of the graduating requirements in economics in this state. So, level one, in this state, is the awareness level of small business ownership.

Level two is a competence level. This is where the students actually learn the "how-to" in ownership and management. We perceive this level two course as either a capstone course for the marketing education program or as an interdisciplinary instruction provided students from all vocational education areas. We think that those who are taking a welding course in the trades and industries area, who have an interest in owning a welding shop one day, should be able to come to us for the business component and skills. The person in homemaking, who is learning about child care and one day wishes to open a child care center, should come to us to get the business skills to open that child care center. So, we see a major thrust in interdisciplinary vocational instruction in entrepreneurship education.

I want to focus now on what we are doing to develop this competence level of entrepreneurship education in California. Our objective, for the curriculum development phase of our program, was to develop it and then to implement this curriculum in six model entrepreneurship education programs. We were going to target economically depressed areas in this state and emphasize and focus on programs that will improve the self-employment potential of the economically disadvantaged. Our curriculum does this and is designed to meet the economic graduation requirements identified in the multi-curriculum standards, published by the State Department of Education. It is designed to provide for the re-enforcement of basic skills, identified in one of our state legislations. It is a competency-based program which includes the performance of standards for each of the competencies. The curriculum for the competence level of entrepreneurship education includes instructional ideas and the identification of instructional resources and materials for teaching the content. It provides business-specific concepts related to management and ownership of business. It provides content designed to develop the student's motivation, self-image, and overcome cultural, age, gender, and economic barriers to entrepreneurship.

Instructional strategies for teaching this particular course include recommended student selection criteria--how do we determine those that have the potential, the interest, or the ability for success in entrepreneurship endeavors? It also identifies methods of delivering instructional content in alternative settings, including home-based instruction. Community-based learning strategies and strategies for developing community business linkages are involved.

There are 19 modules in this curriculum. Each of those 19 modules contains rationale for that module, student outcome statement for that module, identification of academic applications and the performance objectives, contingent on the standard instructional ideas and resource materials available to teach that particular instructional module.

It is also important to note that the legislature in this state has been very interested in what we are doing in entrepreneurship education and, in fact, has a focus of their own on entrepreneurship education. This last year, they provided a significant amount of resources to us and provided for us a state legislative task force on entrepreneurship education. That task force consisted of 12 of California's prominent entrepreneurs, who came together with us for a series of 6 major sessions to help us identify the competencies that were essential for self employment. Their purpose was to validate each of the 300 performance statements in this curriculum. With that kind of support we are confident that the competencies identified in this curriculum are indeed those that are essential for self employment.

This spring we are conducting 21 workshops statewide to assist teachers in implementing the one-semester course in the business education department. The interest in this course is overwhelming. As an option to meeting the economic graduation requirement in social studies, we feel the students will best be served by taking their economics in this course rather than in social studies. It is our expectation that by this time next year, this course will be implemented in 180 California secondary high schools. We feel that this effort in entrepreneurship education in California will achieve a personal and professional potential while at the same time contribute to the economic development of our state.

OHIO'S APPROACH

We recognize that what happens in the educational system really is not done at a national level, it is done at a state level. So the real key people making entrepreneurship in vocational education a reality are our state leaders.

I'm here to talk about Ohio because they often ask the National Center to conduct projects for them as we have with entrepreneurship. In 1983 I asked the state vocational director, "How would you like to do something with entrepreneurship in vocational education?" He responded, "I think it is the most important thing that is going to happen to vocational education in the next 10 years, and I am with you." And he has really been with us and supported what we have done in Ohio and nationally.

I think we have to look at the realities of what small business is. In each of our small communities, where we are training people to go to work, we must realize that most of the employers are in small businesses. Now, although this is Ohio, that is also representative of every one of your states. And it's a reality that we have not looked at in terms of training people for jobs. We keep talking about corporate industry and what large corporations want, and we forget that the majority of our employers are, in fact, small business. These are the places where the majority of vocational graduates work as they are going through their training program. If students do nothing more than understand what that employer is trying to do, we surely have added to the productivity of all our small businesses.

Ohio, back in 1983, started a state task force on entrepreneurship education. That task force was made up of people from the Small Business Administration, the state chamber of commerce, the Department of Development, the JTPA Council, etc....state level people who care about entrepreneurship education.

That state task force addresses all five stages of our lifelong learning model. Our purpose with this model is to pull together entrepreneurship educators at all levels, to see that we are not in a competitive battle for who is going to teach entrepreneurship. It is a building process with the foundation being the first stage starting back as far as primary school, i.e. kindergarten where you can begin to see entrepreneurship as a career option.

The task force includes state leadership for high school vocational programs and two-year colleges that are teaching at this creative "think-of-a-business-you-might-start-someday" level. We have consultants from the Small Business Administration, community programs that are working with helping people actually to get that business started. Then we have the people that help the small businesses continue to grow and succeed. We believe all are entrepreneurship educators who need to work together as opposed to looking at each other as a competitor. The job to be done is just too large.

The Ohio Task Force on Entrepreneurship Education did a number of things in the past few years. First we developed a resource directory for Ohio. We found the people that were teaching future entrepreneurs and compiled a book for use in Ohio. We did workshops to bring together all these diverse groups, i.e., the two-year colleges, the four-year colleges, the high school people, the superintendents, etc. We got them all together to talk about entrepreneurship. At first they doubted the need, but they are beginning to see that this is a joint effort for the good of Ohio.

There is a summer workshop in Ohio that features entrepreneurship for gifted and talented students. For about six years the schools have identified their gifted and talented vocational students for the camp. Those who choose entrepreneurship as an option spend a week talking to entrepreneurs and thinking about starting their business.

The Ohio Council on Vocational Education did a study on entrepreneurship in the schools and published the report so that people would know what kind of programs existed. The state council is largely business people who advise vocational program leaders.

The All-Ohio Conference focused on entrepreneurship, including awards presented to the young entrepreneurs by the Small Business Administration. The Ohio Task force has organized a legislative breakfast to share the results of these new state initiatives. It is important to obtain the support of those state legislators on the small business committee especially.

The Ohio vocational leadership was interested in a new curriculum to give every vocational teacher to use in the classroom. It should not take very long, and everybody could use it even though the teachers have never started a business themselves. So we developed a product called, Risks & Rewards of Entrepreneurship. We conducted workshops with the Ohio teachers and helped them incorporate the materials in their existing vocational programs.

Risk and Rewards includes a student workbook which has four sections for the students to read. Then there is an instructor guide which has a number of activities the teacher can use in the classroom. The purpose of this is to get the young people excited about being an entrepreneur. Whether they eventually do it or not, it helps them understand a bit more about their employer. Risks & Rewards includes stories of our vocational graduates who are in business for themselves--real role models. Someday we would like to put them on video tape and encourage our local schools to tape their own graduates, talking about how they happened to go into business.

The success stories include people like Julie Bordeau who started the Toledo Cruise Line. She currently brings in two and a half million dollars a year and has three boats. She does not have a college degree but is just out there "doing it."

Kathy Lettner was in business and office education and is now doing public accounting. Dan Rose has an Auto Body Specialty business. Elmer Zimmerman bought out a farm equipment store that he worked for. Bryan Frick won many awards through his vocational training program and he could have been employed elsewhere, but he wanted to stay in his little small town, so starting his own restaurant was his vehicle for staying where he lived.

The computer business has been a real growing opportunity for many people. Since we teach computer skills, why not teach people how to make a business out of it? We have a young man who started his own fashion design business when he was 18 years old. We have two people who went into their own beauty parlor, and, since we teach cosmetology in the schools, a logical outcome is to teach people how to start their own beauty services business. The last example from Ohio is a young lady who got her parents to go in with her to start a business. She rents video tapes, and you know how that kind of business has taken off. She has been doing that for a few years.

Those are just a few of the many role models in our product Risks & Rewards. The classroom materials will be published nationally by a commercial publisher and will have 60 role models from across the country.

Ohio is certainly doing a lot of things to support entrepreneurship. But so is every other state in the country. We have 5 million young people, every year, in high school vocational education in this country. We think that vocational education can make a large impact on the understanding of small business and the opportunities for entrepreneurial careers in the future.

ALASKA'S APPROACH

Those of you who follow the news know that, right now, in Alaska we have been concerned about a famous race. The Iditarod is the dog sled race that goes from Anchorage, 1,049 miles up to Nome. The winner this year was Susan Butcher, who has won for the second year in a row. We say, "Alaska is not only known for being the last frontier in a great land, but where men are men and women win the Iditarod."

I would like to tell you that we have taken a lot of fellowship from the national consortium and are trying to follow some of the programs that we have found were successful from some of our sister states. We are just in the very beginning stages of forming an interagency task force. We are asking various state leaders from across our economy and government to look at the whole arena of entrepreneurship education. We are hoping to gain what is happening in other states, namely that they validate entrepreneurship; that they see it as being a really needed area to put in some resources and training.

At the same time, our state agency, the Department of Education, has targeted some of the money from the vocational education Carl Perkins Act for training in entrepreneurship. We have had several graduate courses that have offered to train our teachers. This summer we are having a leadership program to develop a cadre of people who have knowledge of the philosophy of entrepreneurship education. They will conduct regional workshops for vocational teachers this fall. These things are pretty much what other states are doing. So it is not too late, if you are not doing it, to start.

We are also involved with rural students in Alaska. We have four model sites in rural areas that have tried school-based enterprises. Basically, at the same time we are teaching entrepreneurial skills, we are asking these four sites to look at their own community through a very close self examination. We want them to involve as many of the community members as possible.

We are trying to ward off the outflux of our best high school students who leave rural areas, go into the large cities to make their fame and fortune, only to find they really miss the life style that the small rural community can offer them. But once they go back there is little job promise there.

We are looking at school-based enterprises in terms of economic development and job creation. We ask them to put together a feasibility study and a community profile that targets the features of this community. Then we study the services or business that it lacks and are really needed. Once they have done this year long analysis, they try to target three or four areas that might be a feasible business for them to start. We have given them seed money or small starter grants for a business start up.

One of our four sites has gone ahead and started a temporary business run by the students, and a board of directors that the students and community put together. The mayor thought it was a wonderful idea. He volunteered to be on the board of directors and provided guidance. The students produced a community study that impressed the local community council, who were submitting a loan request to the state. For these people the connection was the promise of future leadership. "These are the students that will stay in our community, be skilled and are showing what they may have to offer us." We are already beginning to see some wonderful outcomes in terms of public relations for schools.

One of our sites is up on the very north slope in the Northwest Arctic community. They are running a school store with the start-up monies we provided. This is still in its initial stages. What we are hoping to see from this project is a lot of success, a lot of involvement, and we hope that in some point in time we can institutionalize the process.

We are developing a handbook from the four sites so that we can target the sequence of events that led into the operation of the business. We expect the business will be run, by the students, for profit. They will be involved in all phases of the business start-up and operation and ultimately what we want to see this as an incubator for the students. Three or four years down the line we would like to see either the high school graduates or a community member buy out that business and have it exist and carry on in the community. Then we will initiate that whole process all over again to start up another business. We look to that as a measure for promoting economic development in our communities--our very rural communities.

SUMMARY

In line with the theme of this conference, (i.e. creativity and entrepreneurship,) we have attempted through examples from these three states in the consortium to show how we support lifelong entrepreneurship education. We know that we are risk takers in the educational field and that change takes time. Many of our fellow vocational educators have not as yet seen the opportunities in this new educational area. But like all good entrepreneurs, we are not easily discouraged from our goal. An entrepreneurial economy must have a wealth of entrepreneurial people - both as employees and employers.

EXPLORING CREATIVITY IN FORMAL ORGANIZATIONS
(Selected Issues)

Bruce G. Whiting
Kutztown University of Pennsylvania

Sometimes it is interesting to examine current viewpoints about subjects that influence the behaviors of individuals within formal organizations by checking opinions of practitioners. Such examinations often provide a tantilizing glimpse of organizational life and the perceptions, knowledge or pressures that are viewed by practitioners as affecting what individuals choose to do at work. The Fourth National Creativity, Innovation and Entrepreneurship Conference provided an opportunity to discuss certain issues related to the creative expressions within organizations. Approximately 50 attendees who had indicated an interest in factors that hinder or promote creativity in organizations were involved in the discussion. The following is a description of what occurred, plus comments by the author. The author has had more than 25 years of active involvement in the promotion of creativity, plus direct experience as a senior-level manager. The comments reflect the author's views while building upon some of the issues that emerged during the group discussion.

To get the discussion started, three statements were posed informally to the group, with the request that group members indicate whether they agreed or disagreed with them. The statements were:

1. Creativity is a born capability; it cannot be taught or developed.
2. Creativity and intelligence are independent variables.
3. It is difficult, if not impossible, to innovate and run an economical operation at the same time.

The purposes of the questions were two-fold. First, they were warm-up questions intended to stimulate thinking about the subject to be discussed. Second, they established the format of the subsequent exercise.

The first two questions were concerned with well-established tenets. In regards to the first statement, a person's pattern of creative expression is clearly amenable to improvement in quantity and quality by means of training and practice. While problems of definition and measurement continue to exist regarding creativity, there is substantial evidence to support a favorable response to the first statement. The second statement has similar problems in definition and measurement. However as commonly-measured traits of individuals, intelligence and creativity tend to be independent.

The third question was an opinion question designed to compare the responses of this group informally with those of a sample of 500 middle and upper-level managers in marketing, production and research functions. The sample was taken in the 1960s and reflected an 88% disagreement with the statement. In this group, informally more than two-thirds disagreed. All three statements were discussed noting their possible interpretive errors and potential implications for work practices.

The next seven statements served as the crux of this exploration. To facilitate the description, each statement is listed, the responses shown, and comments provided.

#1. An abundance of funds, facilities and personnel for a project tends to detract from innovation.

Agree- 41 % Disagree- 59 %. N= 51

An organization that is run extraordinarily tight in terms of control of time and dollars tends to stifle creative explorations. Individuals having a predominance of, or a very intensive exposure to, an experience of this type might logically disagree with statement #1. Others may disagree because of the insidious nature of "abundance" as a hindrance, which may not be recognized as such. While it seems like a blessing, an abundance of funds, facilities and staff personnel tends to drain attention from the problem at hand. Administrative requirements increase at the expense of those personal and individual acts of creative insight that tend to arise from deep immersion in the problem and the required "striving" of the individual to see the problem from differing approaches. Some resource inconvenience and a bit of isolation from colleagues seems to bind the problem and the individual together in ways that promote the unique insights and the recognition of new ways to view the problem at hand. Many managers recognize this phenomenon inherently in their management approach. The danger of excessive resources frequently emerges when the organization wants a resolution so badly that it literally "throws resources" at the problem to get immediate results, a situation not unknown in government. The organization can say it did everything possible to achieve the resolution, but in actuality the "richness" of the effort may actually have served to stifle creative results.

#2 Individuals who more highly differentiate their assessments of the creative abilities of their peers tend themselves to be more creative.

Agree 65%, Disagree 35% N= 51

Persons who are high differentiators tend to see more differences among individuals, information and experiences. Using this kind of natural ability to discriminate their recollection of exposures, they seem to have more bits of any situation catalogued in their minds. Thus, as they look at situations, they more easily devise new viewpoints from which to move toward potential solutions. In one study of R & D project leaders, for example, high differentiators accounted for 77% of the total disclosures produced by the groups. Although formal follow-up research in this specific area is weak, the idea is intriguing and frequently encountered in conversations with practitioners.

#3 A willingness to cater to the freedom requirements and idiosyncracies of creative performers may give the impression of favoritism, thus creating problems with those who feel left out.

Agree 68%, Disagree 32%, N= 50

#4 Creative individuals tend to be high turnover risks, restless by nature and often they can be lured away by other firms more easily than their less creative counterparts.

Agree 69%, Disagree 31%, N= 51

These two question are placed together because they reflect common concerns associated with the management of creative individuals. If one way of defining management is the achievement of a productive balance among conflicting situational factors, here is where management is put to the test. Certainly the nature of the organization, its mission, senior-level expectations and the skills and values of the direct manager become major components of the course of action to be taken in each of these situations. The first step, however, is recognition that certain kinds of problems tend to occur when managing creative individuals. Beyond that step, the factors of the situation govern the coping actions to be taken. Thus, the statements serve more as a departure for discussion since respondees may choose to answer based on recognition of the potential situations or their own experience with (or confidence about) resolving them. If, for example, a person has handled a situation so as to preclude the outcome specified in either statement, the respondee could well disagree as an accurate and reasonable response.

One cannot, however, discuss such issues as these statements represent without developing corollary questions. For example, does overall group performance decrease or increase in each case assuming the situation in each statement cannot be avoided. In situation #1 for example, it appears there is always some form of favoritism existent in all groups. Wouldn´t it be useful if it was directed towards the creative performer? In situation #2, might not the organization (and perhaps the individuals themselves) be better served if the creative performer stayed with the organization only as long as both found the relationship exciting and productive? Some managers seem willing to favor the creative persons in their groups, and to find usefulness in each relationship as long or as short as it turns out to be. In summary, these questions reflect thinking beyond the original statements and, in turn, invite active speculation about how to obtain the best from the conflicting pressures that exist in such situations.

#5 Expressions of creativity in organizations take many forms including problem identification, problem solving and implementation enhancement.

Agree 98%, Disagree 2%, N=52

There is virtually total agreement with this statement both in this group and among managers of all types. This statement, therefore, becomes a beginning point. If different forms of creativity exist, which are most highly valued by management and how is each to be recognized, evaluated and rewarded? How can the organization create conditions that reduce or eliminate barriers to each kind of desired contributions? Isn´t there a parallel to growing beautiful flowers? Some conditions or actions are helpful to the cultivation of all flowers, and these are easily learned. The more knowledgeable person, however, modifies the conditions and actions to meet the specific requirements of each type of flower being cultivated. Roses and orchids are both beautiful flowers but their needs differ a bit. A new product idea and a revision to a maintenance procedure to make it more workable are both expressions of creativity but they too differ a bit. Certain fundamentals are essential to cultivating both, along with some specifics that are unique to each type of creative expression that is to bloom. In short, gaining creative contributions from the production line is different from getting them from the engineering department.

#6 Vertically-integrated firms tend to produce more innovations than firms not so structured.

Agree 26%, Disagree 74%, N=47

Here is an interesting proposal that appears in current textbooks on business strategy. It apparently rests on the assumption that vertically-integrated firms (integrated either forward through their own distribution channels towards the final end-user, or backwards to own suppliers or raw material sources), normally are:

... more mature and secure thus more willing to seek innovations from which they expect to profit,

... more locked-into their industry and technological base, thus having more concentration of effort and competence in their primary product lines.

It is true that firms in mature industries tend to embrace strategies of efficiency in manufacturing and distribution, and exploitation of any growth segments of their industry. Also, it is likely that they have vertically integrated by the time they reach this point. With established market shares, they often can afford to explore new variations in products, packaging and market segmentation. Fruit juice drinks are one example. Pure juice has been added to traditional carbonated beverages and juice is marketed in individual cardboard containers. None of this was seen five years ago. As businesses integrate forward, they may try to escape the price-oriented competition of a commodity type product. The closer they get to the ultimate customer, the better the chances of differentiating the product in design, service, packaging or promotion to increase the perceived value and thus the profit margins. Petroleum, textile fibers and poultry are examples of this kind of effort. On the other hand, smaller businesses (less likely to be vertically integrated) are considered the source of a very large percentage of the new products that reach the commercial-availability stage. By the very nature of their position --attempting to break into an industry or establish a new industry --it is reasonable to attribute a high level of creativity to their efforts. It is likely that these efforts blur the distinctions between creativity, innovation and entrepreneurship. Perhaps more than anything else, discussion of this statement clarifies the need to think about the stimulation of creativity in an organization with concern for the external world within which the organization exists.

#7 Within limits and given the appropriate climate in an organization, the greater the discretionary freedom and customer orientation, the greater the flow of creative adaptations.

Agree 88%, Disagree 12%, N= 51

Most individuals strongly agree with the idea of a positive relationship between greater discretionary freedom and the flow of creative expressions. This statement was modified purposely to add the concept of customer orientation and to use the words, "creative adaptations." The reason for the change will be addressed shortly, but first it is appropriate to examine the limits of the "discretionary freedom - creativity" relationship. Subordinates often believe they need more discretionary freedom to increase their performance and creativity. Their supervisors tend to believe they give them ample freedom and what really is needed is more freedom for themselves. Interestingly, the next senior level of supervision report the same beliefs as it applies to them, and so on up the chain. On the other hand, when the organization departs too far from what may be called traditional management concepts, the organization begins to have problems in doing its job. For example, Peoples Airline found its quantum jump in granting greater discretionary freedom from traditional management produced unhappy results. It may be fair to conclude that barring the extremes, a slow movement towards greater discretionary freedom serves well in creating conditions that encourage creative expression, a secret that some consultants use frequently.

The purpose for the modification to statement #7, above, was to determine if the current wave of "excellence" in organizational performance recently promulgated widely through books, speeches and television programs would become an important component of the discussion. Unfortunately the time for discussion at the session ran out before that determination could be made. One reviewer of this paper, however, suggested that although customer orientation may be useful as an ultimate criterion, it also may become a limiting factor to the creative flow if applied too early in the process. On the other hand, customer orientation is very useful as a general goal in helping to set conditions for creative expression in certain types of organizations. R & D operations seem to be more productive creatively when there exists a clear background understanding of what the organization sees as its needs which, in turn, are built on a marketing or customer orientation.

Conclusion

Obviously this portion of the session was not intended to be comprehensive. The statements were selected based on the interests of the author and his perception of the diverse interests of the group. Please refer to the article by Dr. Lloyd Fernald to gain an understanding of the total content of the session, and to enjoy a more comprehensive and systematic review of major issues surrounding the management of creativity in an organization.

Overall, the governance of creative expression in an organization is a fascinating dimension of management. I believe it excites the imagination of leaders who tend to be creative themselves. They are the ones who find unique ways to (1) present challenges that interest their people; (2) to support efforts that are in such embryonic stages that the payoff is not clearly defined at the time; and (3) to terminate an effort jointly with a proponent when the feasibility-payoff relationship becomes unsatisfactory. Does it take special skills to manage in this manner? Do you have a flair for handling these situations? Are such skils learnable? What do you think?

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MANAGING CREATIVE AND INNOVATIVE ACTIVITIES

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Abstract

There is an increasing awareness on the part of U.S. firms that productivity improvements are essential to meet the challenge of global competition because productivity can be improved by a greater level of creative and innovative activities in the workplace; an environment for such activities to grow and flourish is vital. Thus, not only must top management provide for such an environment, all managers must learn and practice those methodologies which give support to creative and innovative activities. Further, the evaluating of managers must extend and intend to take into consideration the many barriers to creative and innovative activities.

Introduction

Organizations are becoming increasingly aware of how to effectively manage their employees in order to provide for individual creative expression and its transformation into innovation. The responsibility of managing creative and innovative activities should be assumed by managers at all levels, beginning with top management. Thus, top management must not only provide a supportive climate for these activities but must strategically plan for them by incorporating them as goals in their corporate plan, including an appropriate budget level (1).

The corporate philosophy relating to the importance of creative and innovative activities is critical in providing the foundation upon which managers can monitor them. Therefore, assuming that top management encourages such activities, it becomes the responsibility of every manager in the organization to direct them, with the intent of channeling individual creativity into organizational innovativeness. As such, the intent of this paper is to: (1) describe those managerial characteristics or methodologies essential for providing creative and innovative activities; and (2) to depict common barriers or problems often encountered by managers, at the same time to make note that these barriers or problems often encountered by managers, at the same time to make note that these barriers should be taken into consideration when evaluating the performance of the organization's managers.

Required Managerial Methodologies

Managing creative and innovative activities could be described as a balancing act. A manager's responsibility is to encounter subordinates to be creative risk-takers while at the same time require that subordinates operate within the limits imposed by a bureaucratic organization (2). Thus, managers provide a delicate balance of control in managing the activities (enough to provide guidance consistent with corporate goals but not enough to stifle creativity) (3).

Given the challenging task faced by managers, they must master certain managerial techniques to successfully manage creative and innovative activities. While the list below is nonexhaustive, it provides a good framework for understanding essential managerial methodologies which aid in facilitating such activities.

* **Adaptive to change.** Managers should not feel threatened by new and unique opportunities but instead should capitalize upon them.

* **Participative-management style.** Managers should encourage subordinates in their participative efforts, rewarding them appropriately.

* **Persistence.** Managers cannot be hindered by temporary setbacks but should view them as challenges to venture new directions and territories (4).

- **Encourage new ideas.** This can be accomplished by allowing unstructured or informal brainstorming or possible walking through a building or park (being supportive of autonomy).

- **Minimizing fear of failure.** By eliminating the threat of punishment for failure, employees are encouraged to pursue riskful ventures (5).

- **Support internal competition.** Maximum effort is achievable via competition. Organizational "shoot-outs" is one method to encourage groups to be productive under competitive conditions.

- **Reward success.** Monetary rewards, promotions, etc. are a means of communicating that a particular behavior is desirable in the hope that the performance will be repeated (6).

- **Be flexible.** This characteristic should be incorporated into many of the manager's endeavors. For example, a manager can allow subordinates to select some of their own projects (7).

- **Develop a trusting relationship with subordinates.** Employees are unlikely to assume riskful ventures without the confidence that management is trustworthy.

- **Act as a controlling agent.** Managers must be willing to monitor the performance of activities, comparing them to expectations. This may involve abandoning projects if deemed necessary (8).

Barriers To Managing Creative and Innovative Activities

For top management to assume that managerial efforts in supporting creative and innovative activities in the organization will be uninhibited by problems or barriers in unrealistic. Since there are several potential obstacles to effectively managing such activities, it seems appropriate that these barriers be given consideration in evaluating a manager's performance (9).

The barriers to managerial support of creative and innovative activities can originate either within the organization or stem from outside sources. In either case, the problems and often times uncontrollable by the manager. The nature of these potential barriers are described below.

External Barriers

* **Competitive environment.** Managers may feel pressure to encourage the so-called "big bang" innovations as opposed to the "suggestion box" type. This could cause an organization to needlessly undertake a substantial change when an incremental approach would suffice. Additionally, attempting to be competitive via "big bang" ideas or innovations could deter employees from pursuing small but important ideas (10).

* **Adverse business climate.** Operating within an industry subjected to negative conditions can be a deterrent. The overall economic outlook also plays a role.

* **Government restrictions.** For example, externalities imposed by the firm's operations is often curtailed by government mandates.

Internal Barriers

* **Financial difficulties.** An organization will limit the amount of funds and resources available to viable projects when faced with financial difficulties (11).

* **Bureaucratic barriers.** Lacking the necessary authority, managers may need to send project approvals through several layers of management signatures. This can delay a project and possibly terminate it (12).

* **Distrust among employees.** Employees must (1) be convinced that punishment will not be forthcoming due to failure; and (2) be assured that managers will deliver promised rewards. Without this trusting relationship, employees are unlikely to pursue riskful activities/projects (13).

Based on the above external and internal barriers facing an organization's managers, it is reiterated that these factors be considered in evaluating efforts to tap their subordinates creativity and to channel it into organizational innovateness. Managerial performance must be based on the given circumstances and constraints they face (14). To do otherwise is likely to curtail future efforts by managers to improve the creative and innovative abilities of the organization.

Summary

The managing of creative and innovative activities begins with the organization's mission and top management's philosophy. Creativity and innovation should be encouraged and provided for by (1) incorporating them as goals in the corporate plan; and (2) budgeting adequately. This will provide a framework for middle and lower management by allowing direction and support for managing creative and innovative activities.

Managers have a two-fold, balancing act responsibility. They must provide latitude and be supportive of their subordinates' efforts in generating new ideas. They must provide enough control to stay within corporate guidelines, however, which may require the curtailing of potential innovative projects. Managers therefore must master certain managerial methodologies to help balance their conflicting responsibilities.

Finally, since managers are likely to encounter both external and internal barriers to managing creative and innovative activities, thus impeding their efforts, evaluation of their performance should be contingent upon the given circumstances and/or constraints they surely will face.

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Developing A Research Tool To Identify Corporate Entrepreneurs

by

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The purpose of this session is to look at corporate entreprenuering, or "intrapreneurship" as it is popularly known. To do this, some research background is needed to determine how to look at the topic and how to use the concept to investigate entrepreneurial actions. The objective is to find out who the entrepreneurs are out there and what they are like. As participants in the symposium you have all been to presentations on entrepreneurial attributes and characteristics. This research encompasses some of the same areas. In a comprehensive study, we are trying to determine: Who are the corporate entrepreneurs? What they are like? How could we identify them, find them? and How to nurture them in larger organizations?

We have decided to look at developing a base line of a combined set of measurements to identify "potential" entrepreneurs. The first measure proposed investigates individuals values. Little research has been done on values and entrepreneurs. There has been research on attitudes, personality characteristics, birth order and achievement needs. Dr. McClelland talked about this research last year at this conference. My approach is that we are not going to throw prior research out, but we can with it as a base. Values have not been examined extensively and since values are long term, nor short term and by definition are not influenced by environmental or peer pressures, values tend to be enduring and provide a way to establish differences between managers and entrepreneurs. The first step is to identify successful entrepreneurs and look at their values responses using the Rokeach value scale to see how entrepreneurs values are different from managers.

If you are familiar with Howard Stevenson's work, he has completed a factor analysis package and come up with seven factors that measure the propensity to do or not to do something, the way you would behave in a given situation. He identifies a scale with stated managerial orientation versus entrepreneurial orientations. This set of "orientations" are packaged with the Rokeach Values Scale to furture differentiate managers and entrepreneurs. The Rokeach Values Scale has excellent validity, high reliability and is easy to administer.

The set of items that are individual in nature is a set of questions which summarize the existing attitudinal and characteristics literature. It is presented much like Jeff Timmons did in his new venture book. The 14 different attributes, and personality characteristics, and 8 different role requirements for entrepreneurs based on his extensive literature search are modified to measure beliefs and behaviors. For the entrepreneurial base line sample we are going to ask for beliefs and behaviors. For example, "What do you think the entrepreneurs on the current Inc. 100, Venture 100 believes is important to success? Do you think there is totally commitment to the venture and those 18 to 20 hour days? One result from prior research is that we found differences in beliefs and behavior and between individuals and their peers. Some early consumer research said not to ask what you want, but to ask what your neighbor wants and the researcher will find out what you really want. We are going to try that technique to avoid a "right" answer response pattern.

The complete instrument consists of three different sets of measures administered to an entrepreneurial group and to a managerial group. The results will show if there are people with entrepreneurial tendencies in the managerial group when compared to the entrepreneurial sample. By establishing base line scores and responses we can compare entrepreneurs to managers. The more they are similar, the more likely managers have "entrepreneurial" tendencies is the flow of the logic. The managerial sample will be top managers from companies such as The Fortune 500 since these are seen as as models of "traditional" managers. We are trying to identify managers that show entrepreneurial orientations to determine if they are different than those with a trustee orientations as suggested by Stevenson.

An example of where this could be used would be in selection and training. If IBM is starting an equivalent of the PC project which was an independent business unit or a form of corporate entrepreneuring they could identify key personnel. The commonality in all corporate venturing is looking for a way for "traditional" managers to act faster, react quicker and more innovative than competitors by using an entrepreneurial approach. If managers with entrepreneurial tendencies are identified we may achieve this result.

McClelland suggests managers are driven by power, entrepreneurs are driven by achievement. Therefore, this administrative domain is reactive, and evolutionary as opposed to revoluntionary and creative in the entrepreneurial domain. That view is in the literature and provides support for differences. Another source of support is

Stevenson's suggestion that entrepreneurial management" can exist and that the domains are not mutually exclusive-management or entrepreneurship-but that different orientations do exist. Table 1 shows Stevenson's instrument that we are requesting to use to demonstrate Stevenson's orientations.

Table 2 shows the attributes and role requirements that will be used to help develop the base lines. These are modified from the Timmons version cited earlier.

Table 2. Attributes as Role Requirements

1. High levels of energy and an ability to work for long hours.
2. A belief in yourself and your ability to determine achievement of goals.
3. A total immersion and concentration on long term goals.
4. Money is the measure of what you have accomplished.
5. An intense and determined desire to get the job done or solve a problem.
6. Ability to set clear goals and objectives that are high but attainable.
7. A preference for taking calculated buy challenging risks.
8. Ability to use failure as a learning experience.
9. An ability to seek and use feedback on your performance and take corrective action.
10. Desire to take the initiative and be responsible for outcomes.
11. Willingness to identify and use outside expertise to accomplish goals.
12. Desire to establish a high realistic standard of performance.
13. Accomplishments and failures are within my personal control and influence.
14. Able to live with ambiguity and uncertainty concerning job security.
15. A career and the business venture are the number one priority.

16. Willingness to sacrifice short term personal financial goals to build the company.

17. Places a higher value on innovative solutions than simply doing a job better.

18. Has a thorough operating knowledge of the business to be started.

19. Ability to build a high quality team that meets the needs of the firm.

20. Believes in the American system of free enterprise.

21. Business conduct is adaptive to situational demands and needs.

22. Highly respected for reliability and honest dealings.

The modified Timmin's scale will be tested along 4 dimensions for managers and for entrepreneurs. Each group will be asked to respond to the importance of each item to success. Then they will be asked to respond to how often they demonstrate the attributes in managing the firm. The second part of the data collection asks for the peer beliefs and believers in the same manner. Peers are defined for each group as "other leading entrepreneurs" or "top managers in large companies" to establish reference groups for responses.

The completed instrument will then establish entrepreneurs responses for the attributes, orientations, and values. The managers will complete the same scales and our comparisions will be possible. Numerous design difficulties and scaling problems have been considered and attempts are being made to minimize their imports. A key will be to solicit cooperation from the entrepreneurs and the managers to focus on identifying tendencies and improving their organizations.

The Heller Institute Reports on entrepreneurship that came out in about 1982 or 1983, discussed a "Begat Tree." Just from Fairchild, in a 13 year period, they spun off 34 on-going successful technology ventures. What if they had been able to keep a few of those in house? Would they be better off today? If they had kept the related business units producing the kinds of sales the spinoffs have had, I think they would have been better off. If they could have identified those people, dealt with them, nown what to do could they have kept them? If they had started the companies inside, with better resources, more money, could they have gotten into the market quicker? Fairchild would have a piece of the firms instead of another competitor.

Conclusions

What we're trying to show is that responses are different for entrepreneurs and for managers on the base-lines used for comparison. When selecting someone to take over for an IBU, the company can match them to the entrepreneurial profile of values or the managerial profile of values which ever is appropriate. The appropriate orientation can have a dramatic effect on the firm. The people researching the concepts of intrapreneuring, corporate entrepreneuring, or corporate venturing are saying we can create new environments. For example, the availability of autonomous activity at operational levels of the organization can create an environment where people can stay and not have to get out. Managers will have to change the structure and develop the ability of middle managers in the company to conceptualize the implications of changes. If you can help create an innovative environment through your training and selection you can enhance your future. The larger organization can do some "aiming," some planning, because there is a base to draw from that could be superior to the "ready-fire-aim" entrepreneurial style because of the support systems the typical entrepreneur does not have.

For example, if I come to you with something that redirects the firm, would it help? Someone in this session said that the floor here is carpet. To me, it's not carpet, that's floor covering. I don't want to know about my carpet business, I want to know about my floor covering business. And that's changing very dramatically. It changes for "clean" rooms, it changes for computer facilities, and any number of other examples. There is a difference in carpeting and floor coverings. If we can recognize those and change the corporate strategy because of intrapreneurs "kicking" us we can improve. The research, by focusing on entrepreneurs and the potentional corporate entrepreneurs should provide distinctions useful for modifying and enhancing performance.

Table 1

51a. Please place an "X" in the appropriate place along the continuum for each of the following questions to indicate your perceptions regarding the nature of the strategic orientation of your current management responsibilities. Note: a checkmark closer to the statement you prefer indicates a higher level of agreement (e.g., if you agree that "better utilization of existing resources ..." best describes your current responsibilities, put an "X" in space 1 in question 1. If you "perceived opportunities and not ...", then place an "X" in space 5 in question 1. You may wish to hedge by selecting a space inbetween.)

1.	Better utilization of existing resources is the force that should drive a company's strategy	___	___	___	___	___	Perceived opportunities and not unutilized resources should drive a company's strategy
2.	A company should chase an opportunity quickly but also should decommit quickly, when perceived necessary	___	___	___	___	___	Commitment to opportunity should evolve slowly based on careful analysis but once made, it should be of long duration
3.	Decision and commitment of resources should be multistaged, testing the water with minimal exposure at each stage	___	___	___	___	___	Decisions should be single staged. Full resources should be committed 'up front' once a decision has been taken to pursue a particular opportunity
4.	It is better to borrow or rent resources, as needed, rather than to own them	___	___	___	___	___	It is better to own necessary resources rather than to borrow or rent them
		1	2	3	4	5	
5.	An organization should depend on individuals who define their own jobs/personal contacts and multiple informal networks to get the job done.	___	___	___	___	___	An organization should rely on pre-defined job definitions/delegation of authority rather than on personal contacts and networks to get the job done
6.	You expect to receive a regular paycheck and be rewarded according to an agreed upon, well defined formula for performance above norm	___	___	___	___	___	You expect to be rewarded in direct proportion to your success. Your reward should have no upper limit, as is often the case in fixed formula compensation systems
7.	You view the constraints and problems in your business as opportunities to be overcome by creative solutions	___	___	___	___	___	You believe that good business decisions must be optimized given the constraints and problems in your business environment
		1	2	3	4	5	

SMALL BUSINESS IN THE YEAR 2000

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Over the next 15 years, the labor force will increase at a slower rate than at any time since the 1930's, reflecting the slowdown in U.S. population growth. The average age of the labor force will rise from about 35 years in 1985 to about 39 in 2000.

Per capita GNP, or the output of goods and services per person, will continue to rise as each American worker produces more goods and services.

The shift from an economy based on traditional industries -- in agriculture, manufacturing, and mining -- to one based on services and "information" will continue through the end of the century.

In 2000, as now, the majority of businesses in the U.S. will be small businesses.

Small Business in the Year 2000
Trends and Issues

- Over the next 15 years, the labor force will be increasing at a slower rate than at any time since the 1930's, reflecting the slowdown in U.S. population growth.

- The average age of the labor force will rise from about 35 years in 1985 to about 39 in 2000.

- The aging of the labor force has important implications for the small business work force and for the types of goods and services in demand.

- Small businesses accustomed to hiring young workers at cheap wages may find that they must raise wages to attract skilled workers or they may have to employ individuals who have lower education or skill levels.

- Per capita GNP, or the output of goods and services per person, will continue to rise as American workers produce a greater volume of goods and services overall.

- But wages will rise much more than productivity, forcing small businesses to develop ways to increase worker productivity. Options include: increasing capital investment; improving managerial skills; and more and/or better training of employees.

  What types of training will be needed?

  Who should produce the training?

- The shift from an economy based on traditional industries -- in manufacturing and mining -- to one based on services and "information" will continue through the end of the century.

- These shifts in employment are the result of technological change, import competition on manufactured goods, and changes in demand due to increasing incomes and shifts in the age composition of the population.

- Historically, small business has done well in service-producing industries, innovating industries and high-technology industries.

  What are the implications for small business of this continued shift from a "goods" to a "service/information" economy?

How can small business remain at the leading edge of innovating and high-technology industries?

How can small business help improve the efficiency and productivity of the traditional "goods" producing industries?

- Between now and the year 2000, many small businesses will experience a complete redefinition of their markets -- from geographically restricted, fairly stable markets to highly volatile international markets.

- Small businesses will be important as employers in the leading export industries of the year 2000.

How can small businesses expand their role in international trade?

How can small businesses deal more effectively in the future with the increased competition from overseas producers?

What steps should be taken to improve the climate for international trade in the U.S.?

- The number of small businesses in the economy will continue to grow.

- In 2000, as now, the majority of businesses in the U.S. will be small businesses.

- Self-employment will grow more rapidly in the next 15 years than it has in the last 15 years.

- In 2000, small firms will still produce a major share of the nation's goods and services -- about 40 percent of U.S. output.

- With the number of high school and college graduates rising sharply for the work force as a whole, small business will be employing more high school and college graduates.

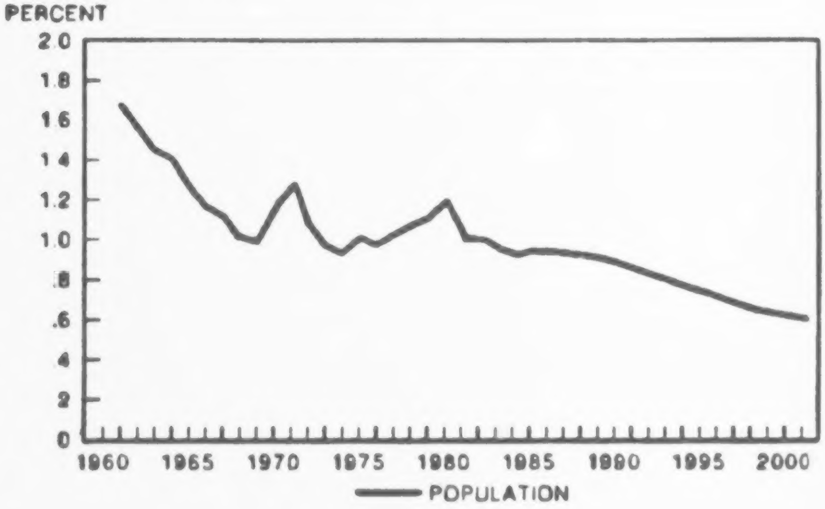
- Investments in productivity and efficiency enhancing equipment, particularly in automated equipment such as computers and robots, will become more important over the next 15 years.

How can entrepreneurship, self-employment, and small business growth be stimulated?

How can future opportunities for women and minority business owners and entrepreneurs be expanded?

What steps can be taken to promote small business investment, efficiency and output over the next 15 years.

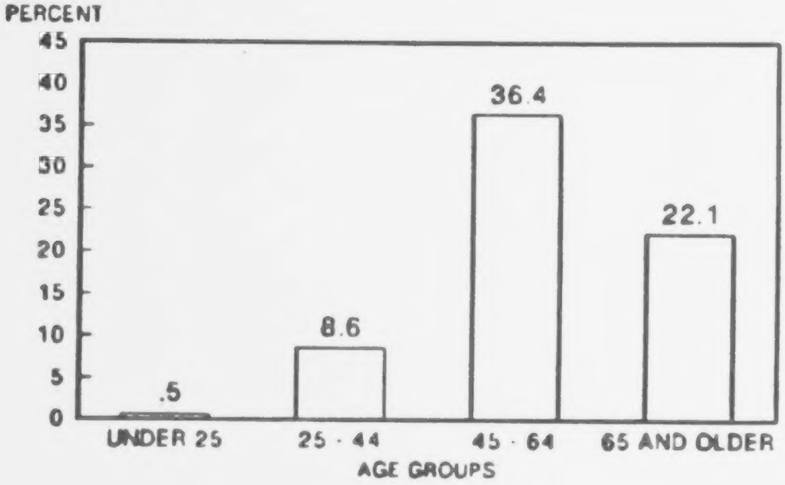
ANNUAL PERCENT CHANGE OF POPULATION



- From now until the year 2000, the population will be increasing at a decreasing rate.
- Population growth will be at near record low rates and will play a major role shaping the U.S. economy and society through the end of the century.

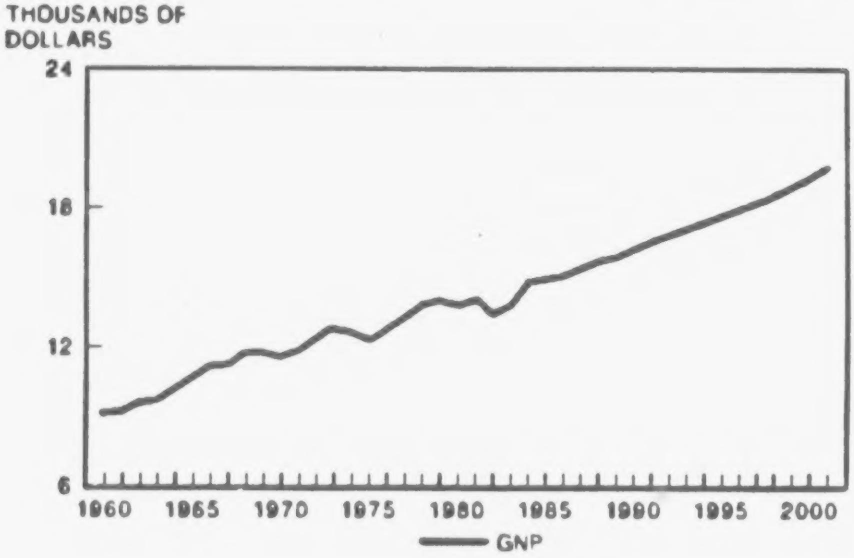
PERCENTAGE INCREASE IN POPULATION AGE GROUPS

1985 - 2000



- The aging of the baby boom generation will cause the American population to become much older, on average, through the balance of the century.
- This redistribution in age groups has important implications for the small business work force and for the types of goods and services in demand.

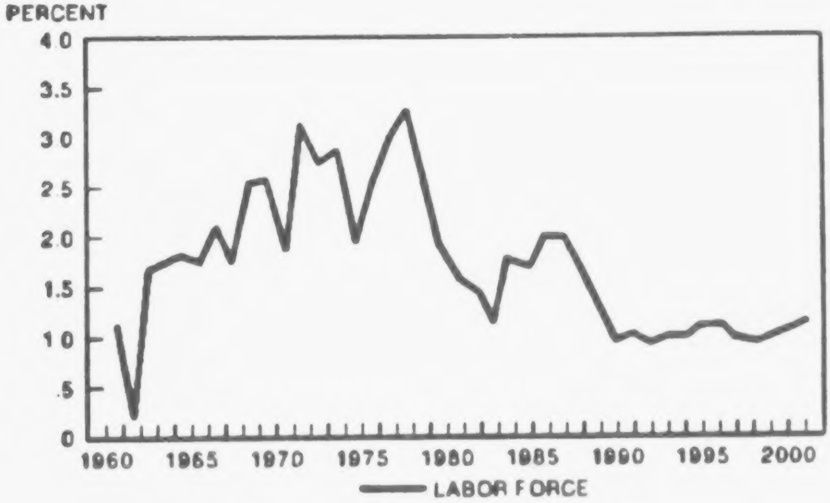
PER CAPITA GNP



- Per capita GNP, or the output of goods and services per person in U.S., will continue to rise as American workers produce a greater volume of goods and services overall.

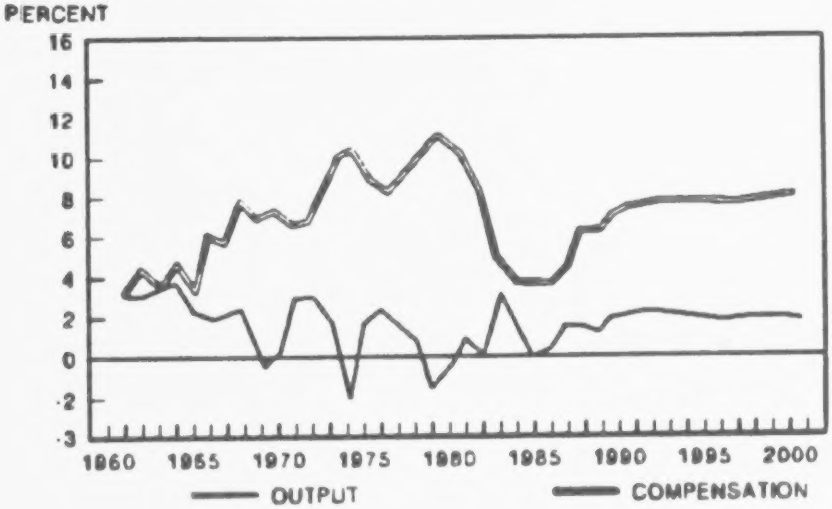
- A growing relative scarcity and expense for labor as well as a more experienced work force will stimulate capital investment in labor saving technology and generally improve productivity.

ANNUAL PERCENT CHANGE OF LABOR FORCE



- Over the next 15 years, the labor force will be increasing at a slower rate than at any time since the 1930's.
- Immigrants will constitute about 20 percent of all labor force growth.
- Labor will become more expensive because of this decline in the labor supply.

ANNUAL PERCENT CHANGE
OUTPUT PER HOUR, COMPENSATION PER HOUR



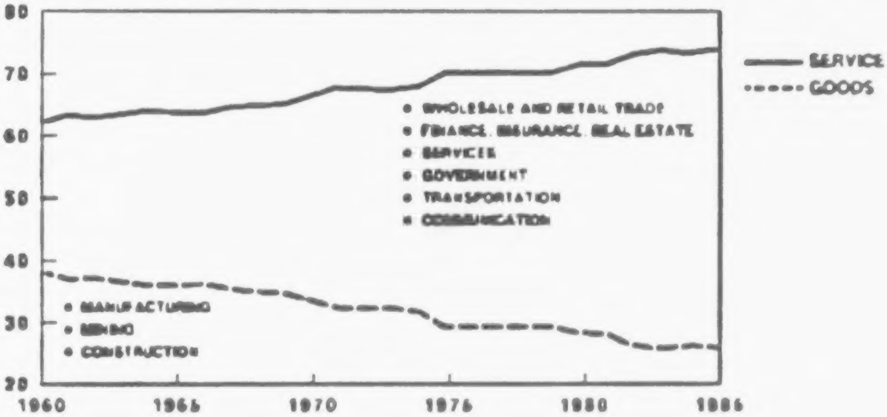
- In the year 2000, American workers will be earning more, while working less.

- A shorter work week will allow more leisure-time activities, and will increase the demand for leisure-related goods and services.

- Companies accustomed to hiring young workers at cheap wages may find that they must raise wages to attract skilled workers or they may have to employ individuals who have lower education or skill levels.

EMPLOYMENT SHARES IN GOODS - PRODUCING AND SERVICE - PRODUCING INDUSTRY GROUPS

(PERCENTAGE OF NONAGRICULTURAL EMPLOYMENT)



- For the past twenty-five years there has been a steady decline in the share of total employment that is in "goods-producing" industries.
- Small businesses have been on the cutting edge of this shift in the composition of the U.S. economy from a manufacturing-based or goods-producing economy to a service-based economy.

PROJECTED CHANGES IN EMPLOYMENT FOR SELECTED INDUSTRIES
1984-2001

MOST NEW JOBS

- BUSINESS SERVICES
- RETAIL TRADE
- EATING AND DRINKING PLACES
- WHOLESALE TRADE
- MEDICAL SERVICES

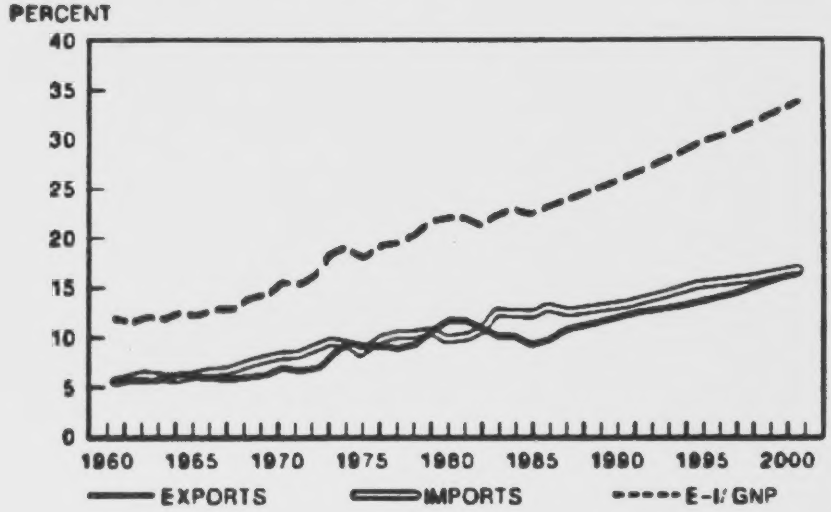
PROJECTED CHANGES IN EMPLOYMENT FOR SELECTED INDUSTRIES

1984-2001

FASTEST GROWING

- MEDICAL SERVICES
- BUSINESS SERVICES
- COMPUTERS AND PERIPHERAL EQUIPMENT
- MATERIALS HANDLING EQUIPMENT
- TRANSPORTATION SERVICES

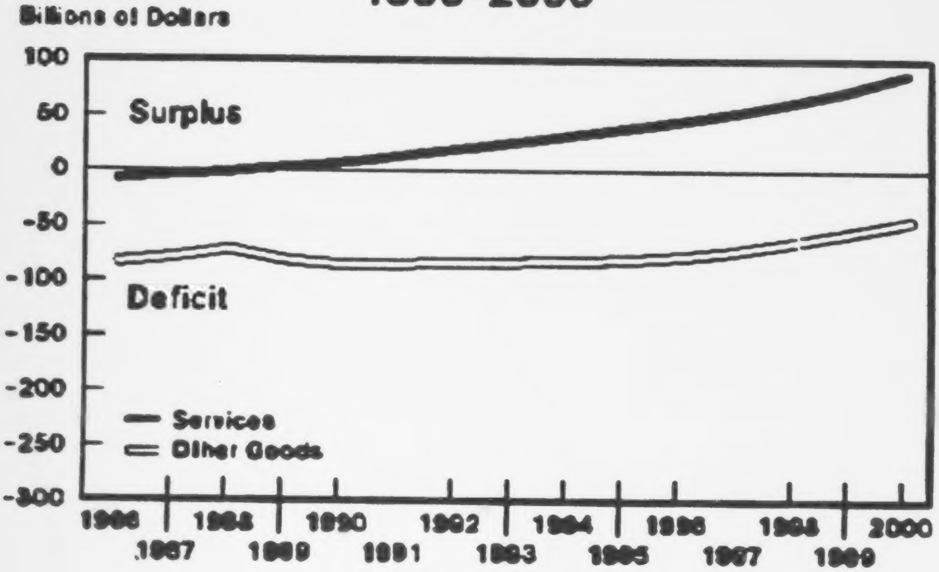
EXPORTS AND IMPORTS AS A PERCENT OF GNP



- Between now and the year 2000, small businesses will experience a complete redefinition of their markets -- from geographically-restricted, fairly stable markets to highly volatile international markets.

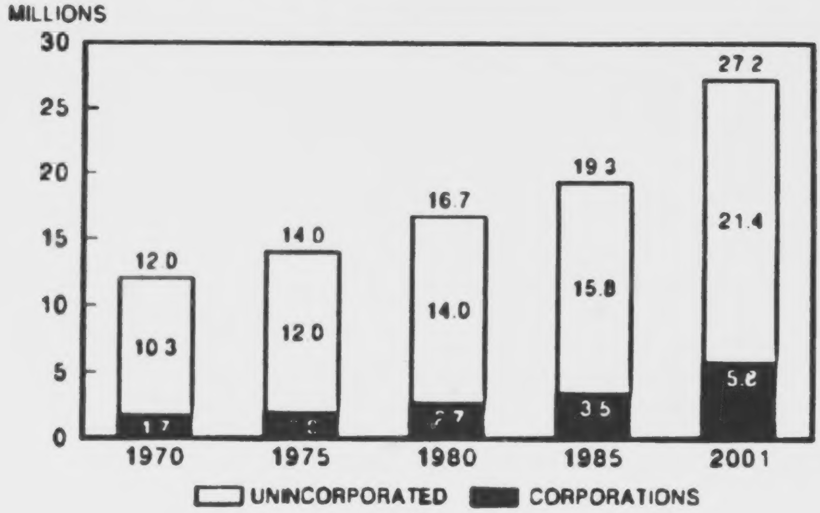
- The total volume of U.S. international trade -- imports plus exports -- as measured against GNP will rise to 35 percent compared to about 23 percent in 1985 and only 12 percent in 1960.

CHANGE IN THE U.S. TRADE BALANCE
1986-2000



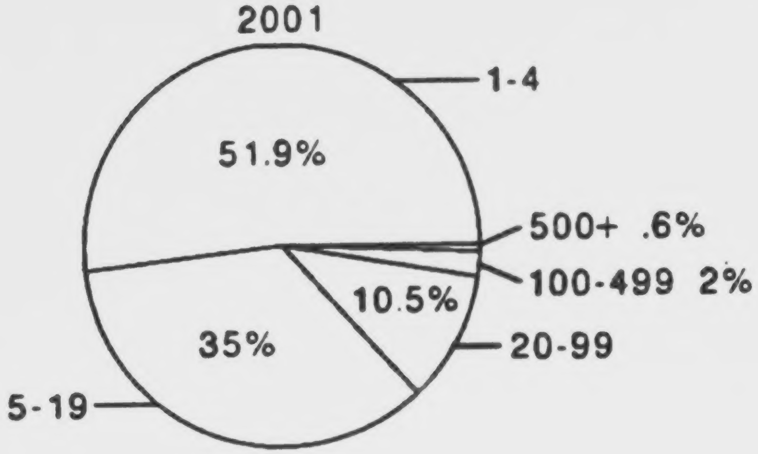
- As exports of both goods and services increase over the next 15 years, the current trade deficits in these accounts will decline.
- Services trade, which until recently recorded a surplus, is expected to again show a surplus beginning in the late 1980's.

NUMBER OF BUSINESSES



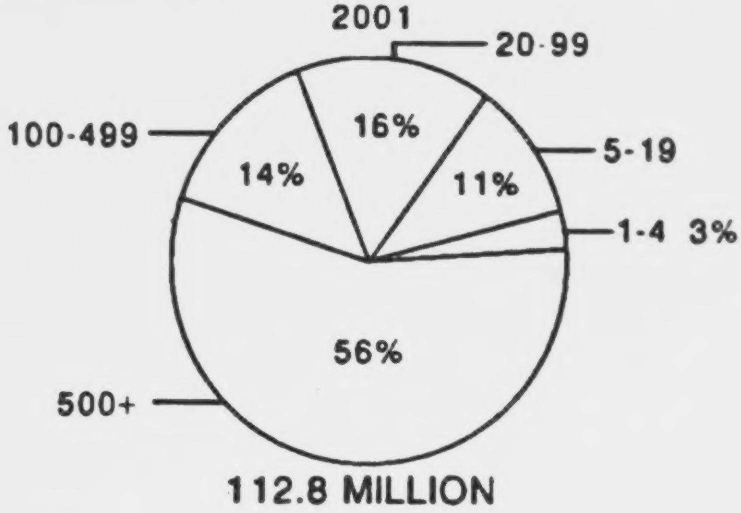
- Competitive pressures will increase domestically, as well as internationally, as the number of businesses in the United States increases.
- The number of small businesses in the economy will continue to grow as the total number of businesses also increases.

SIZE DISTRIBUTION OF NUMBER OF BUSINESS ENTERPRISES



- In 2000, as now, the majority of businesses in the United States will be small businesses.
- There will be a slight decline in the relative number of small firms compared to large.

DISTRIBUTION OF EMPLOYMENT BY FIRM SIZE

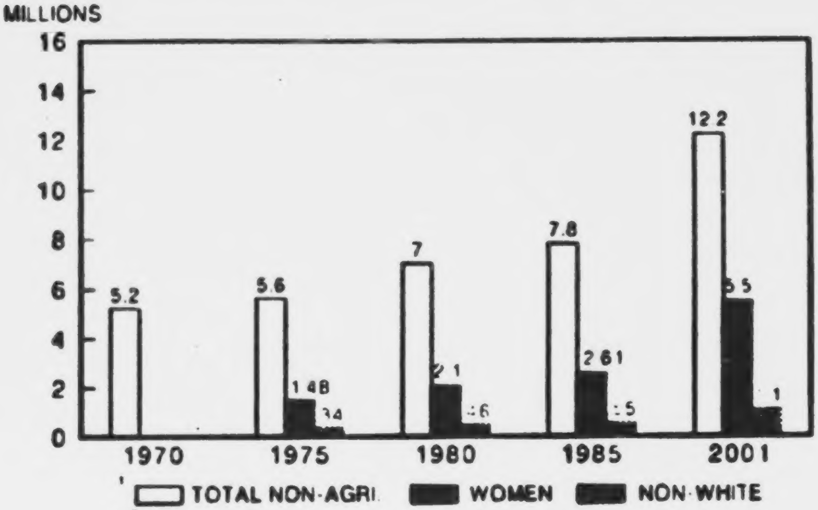


- Many of the self-employed will expand their businesses and hire new workers.

- As a result, employment in the very smallest sized businesses will drop as businesses expand into other employment size-categories.

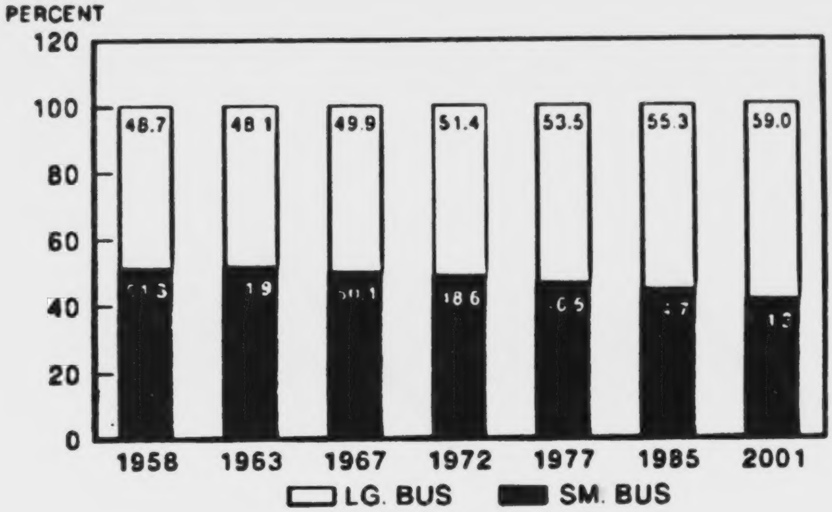
- Overall, employment shares by firm size will show only minor changes with the large firm share gaining slightly from a slight decline in the small business share.

NUMBER OF SELF-EMPLOYED



- One reason why there will be little change in the overall share of small businesses in the economy is the rising number of the self-employed.
- Self-employment will grow more rapidly in the next 15 years than it has in the last 15 years and will become a more attractive alternative for women and non-whites.

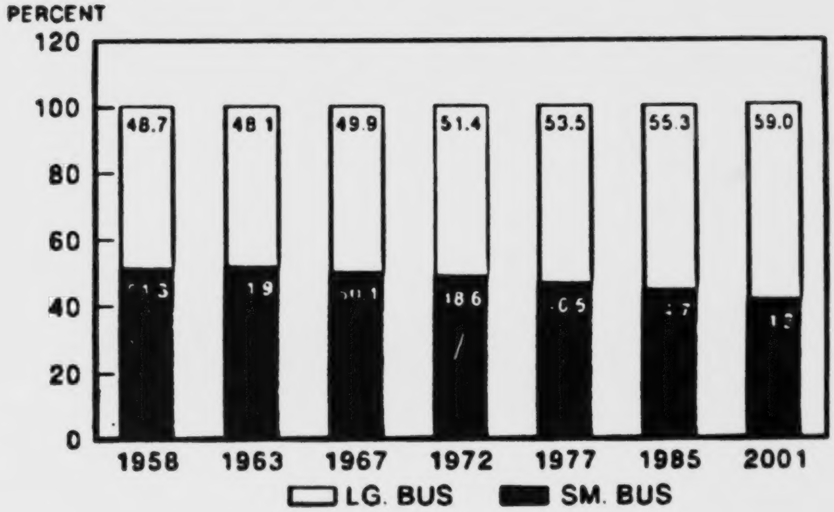
GROSS PRODUCT ORIGINATING BY FIRM SIZE



- Continuing a long-term trend, there will be a decline in the small firm share of output as measured by Gross Product Orginating (GPO).

- In 2000, small firms will still produce a major share of the nation's goods and serviced -- about 40 percent of U.S. output.

GROSS PRODUCT ORIGINATING BY FIRM SIZE

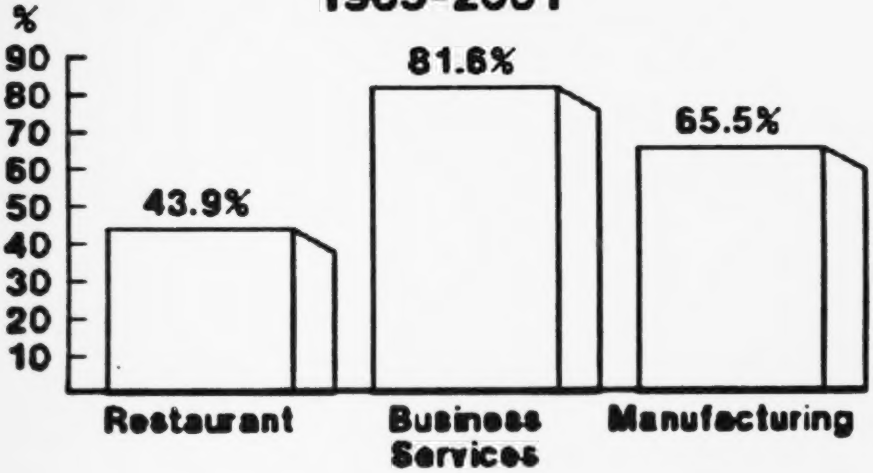


- Continuing a long-term trend, there will be a decline in the small firm share of output as measured by Gross Product Orginating (GPO).

- In 2000, small firms will still produce a major share of the nation's goods and serviced -- about 40 percent of U.S. output.

PERCENTAGE INCREASE IN REAL OUTPUT OF RESTAURANTS, BUSINESS SERVICES AND MANUFACTURING

1985-2001



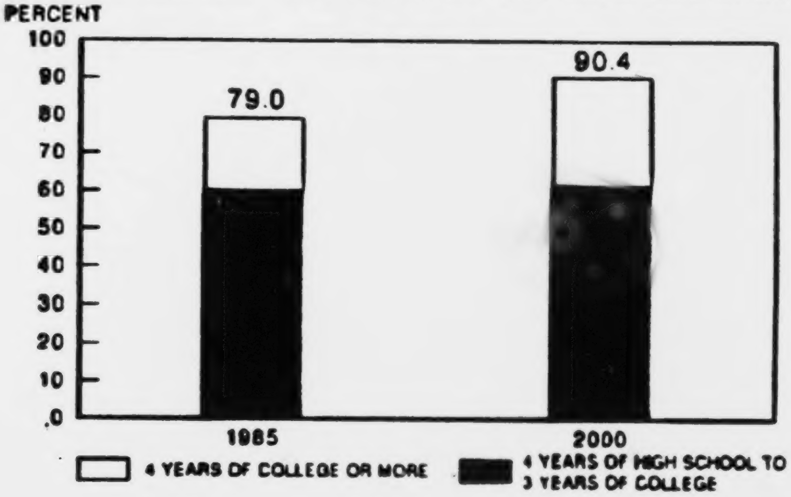
- Although the overall small business share of GPO will decline slightly by 2000, there will be a dramatic expansion of real output in several industries dominated by small businesses.

- The real output of business services which is dominated by small business will rise by almost 82 percent during the 1985 to 2000 period. This will reflect the increasing tendency to contract out for activities conducted with a firm's own employees -- activities such as health and pension administration, accounting, security, food services and transportation.

- By contrast, the large-business-dominated manufacturing sector will increase output by about 66 percent.

EDUCATION OF THE SMALL BUSINESS WORKFORCE

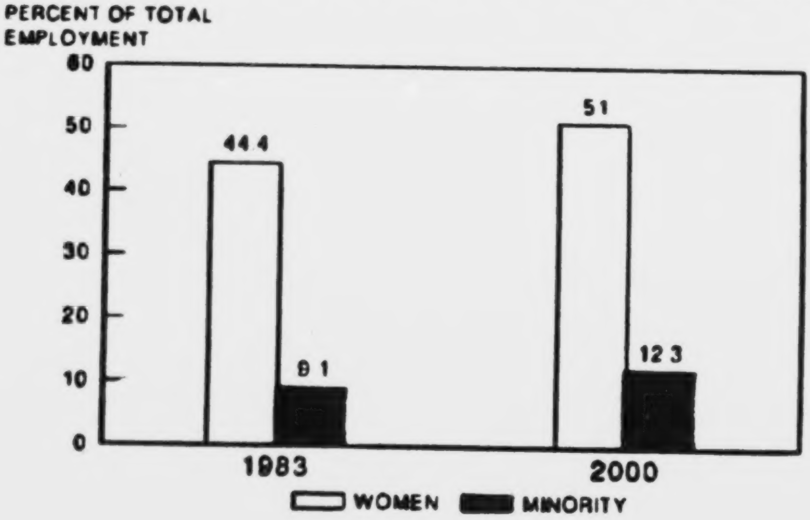
PERCENT WITH AT LEAST HIGH SCHOOL EDUCATION



o With the number of high-school and college-graduates rising sharply for the workforce as a whole, small business will be employing more high-school and college graduates.

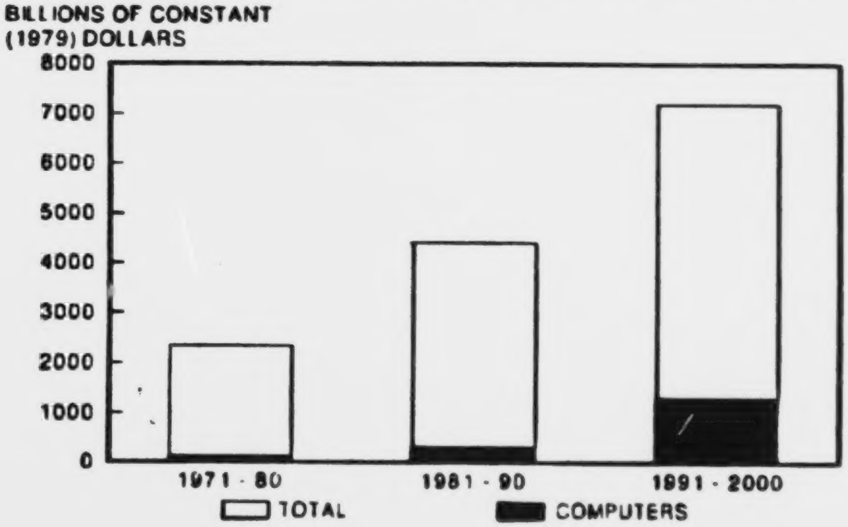
o By 2000, over 90 percent of the workers in small firms will have finished high school or had more formal education beyond high school.

WOMEN AND MINORITIES IN SMALL BUSINESS



- Small businesses have traditionally employed greater numbers of women and minority workers than large businesses.
- Over the next 15 years, more women will continue to enter the workforce and minorities will become a larger share of new entrants into the labor force, these two population groups will become even more important in small businesses.

TOTAL INVESTMENT AND INVESTMENT IN COMPUTERS AND ROBOTS BY DECADE

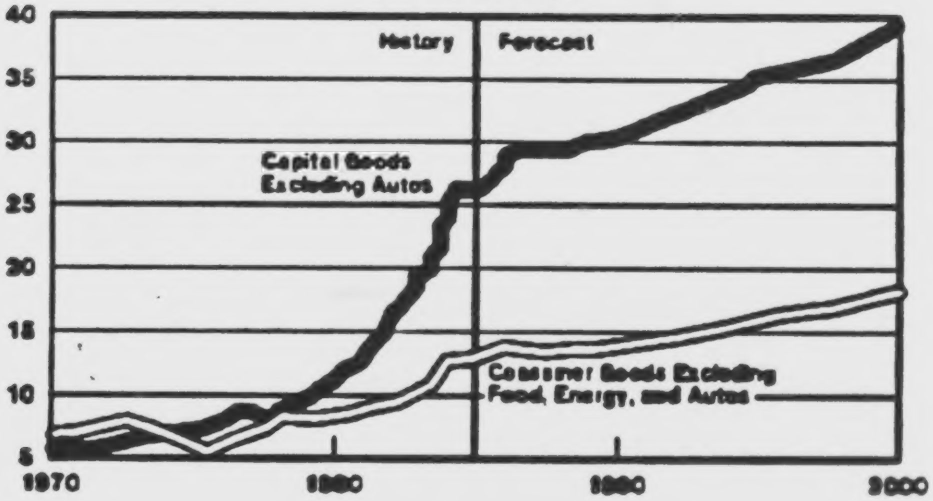


- Investments in productivity and efficiency enhancing equipment, particularly in automated equipment such as computers and robots will become more important over the next 15 years.

- By 2000, investments in computers and robots are expected to more than double and will represent more than 19 percent of all investments made by businesses.

IMPORT SHARES OF REAL DOMESTIC SPENDING

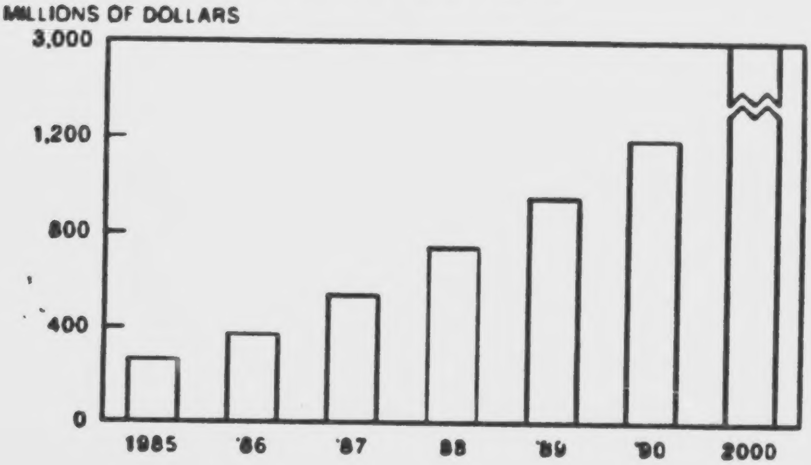
(PERCENT)



- Import growth will slow from 7.1 percent in the 1980-1985 period to 3.6 percent over the next five years, before recovering to 4.6 percent in the 1990s.

- Imports of capital goods will continue to rise more rapidly than imports of other types of goods, reflecting aggressive competition from East Asia in electronics and high technology products.

PURCHASES OF FACTORY COMPUTERS BY PLANTS WITH FEWER THAN 100 EMPLOYEES



- A recent survey of manufacturers found that more than a quarter of the companies planning to buy robots during 1986 were smaller businesses with sales of less than $10 million.
- Computer purchases by small plants with less than 100 employees are expected to increase by almost 35 percent a year through 2000.

WHO USES SMALL BUSINESS TRAINING? A PROFILE OF SMALL BUSINESS OWNERS MOST LIKELY TO USE COLLEGE AND UNIVERSITY TRAINING AND EDUCATION

(A Demographic Analysis of Small Business Owner's/Manager's Viewpoints Towards the Value of College and University Small Business Offerings

W. F. (Fred) Kiesner
College of Business
Loyola Marymount University

ABSTRACT

As colleges become more involved in teaching small business courses, they must target market their offerings. This paper studies 43 demographic factors of small business owner/managers and identifies those most/least likely to "purchase" college and university courses. It is based upon a survey of 343 small business owners.

INTRODUCTION

Colleges and universities are becoming heavily involved in offering courses and programs in the area of small business. Traditionally small business owners have had feelings of distrust of institutions of higher education, and their faculty. The literature includes a number of studies about the actual fear that many in the small business ranks actually have towards authority figures such as professors and teachers. Thus they are hesitant in becoming "customers" for courses at colleges and universities.

As these institutions venture into the relatively new arena of programs and courses for small business owners, they must conserve their resources and develop successful programs rapidly if they are to continue to get funding for these non-traditional programs for the small business owners. It would, therefore, be a wise move for university faculty and administrators in the business field to follow one of their own basic rules of marketing, and **target market** their offerings to **segmented markets** of small business owners who are most likely to "purchase" their offerings.

But who are the small business owners and managers most likely to be interested in special programs aimed at them at colleges and universities? Little research seems to be available on this critical subject. We need to know more about the demographics of small business owners who are the most likely to return to college as non-traditional students for help in the area of small business. To answer this question, initial, basic research was undertaken by this writer.

THE SAMPLE

A total of 1229 small business owners in the Los Angeles metropolitan area were randomly selected from the membership rosters of several area chambers of commerce in both suburban and urban areas. A total of 343 owners returned valid survey instruments, for a response rate of 28%. This response rate is certainly not exceptionally high, but it was felt that this was a fairly satisfactory response rate considering the traditional refusal of small business owners to take valuable time away from running their business to do "non-bottom-line" things like answering surveys. Certainly the number of respondents was sufficient to insure a satisfactory cell size on the various demographic factors studied.

EDUCATION - BEFORE AND AFTER BUSINESS

This study attempted to determine the demographic profile of owners and managers who thought the most of college and university training **before** going into business, and also **after** they were already in business (returning to school for special small business seminars, courses, workshops, etc.).

43 DEMOGRAPHIC FACTORS STUDIED

To attempt to provide a profile of small business people most likely to "purchase" courses and programs from colleges and universities, a total of 43 demographic variables were studied in nine major categories or groupings. The variables are shown in Table 1, below.

TABLE 1

DEMOGRAPHIC VARIABLES STUDIED

AGE

Under 25
26 to 35
36 to 45
46 to 55
56 to 65
Over 65

SEX

Male
Female

NUMBER OF YEARS IN THIS BUSINESS

Under 1 year
1 to 3 years
4 to 8 years
9 to 15 years
16 to 25 years
Over 25 years

NUMBER OF PRIOR BUSINESSES

None
One
2 to 3
Over 3

FAILED IN PRIOR BUSINESS

Yes
No

RACE

Caucasian
Black
Hispanic
Oriental

NUMBER OF EMPLOYEES

1 to 3
4 to 7
8 to 15
16 to 25
26 to 50
51 to 100
Over 100

TYPE OF BUSINESS

Construction
Transportation
Manufacturing
Retail
Wholesale
Professional
Financial
Service

EDUCATIONAL BACKGROUND

High School
College Graduate
Some Graduate School
Graduate Degree

It is recognized that these variables are not exhaustive of all of the options, or even perhaps the "best" choices. It was felt, however, that they are easily measured, and could be used by faculty and administrators in segmenting their markets and targeting their programs for increased efficiency and success. Thus it was felt that these choices were sufficient for this initial and basic piece of research.

THE VALUE OF COLLEGE BEFORE ENTERING SMALL BUSINESS OWNERSHIP

To develop a profile of the owners who had both positive and negative views towards the value of college training as a preparation for entering small business ownership, the following two questions were asked:

> **To what extent do you agree or disagree with the following statements? (Please check one box for each statement).**
>
> **A. A person with a college or university degree, starting a small business, has a better chance of doing well as a small business owners.**
>
> **B. Attending college before going into small business has been helpful to me in running my business (skip if no college).**

The owners were then offered a 7 point Likert Scale ranging from "Absolutely Agree" (a ranking of 7) to "Absolutely Disagree" (a ranking of 1).

Question A Responses

The mean Likert response on Question A was 4.67, with a range from 5.19 (people over age 65) to 3.92 (owners with only a high school degree). Certainly this response mean on the Likert Scale does not indicate extremely strong support on the part of the owners for the value of a college education before entering business ownership, but it is somewhat positive. The real value from this study will be gained in analyzing the response means of the various demographic factors that were used. In contrast to the response of the owners, when the same question was asked of 468 college small business faculty, in other research conducted by this writer, the faculty mean Likert Scale response was substantially higher at 5.15.

Question B Responses

In response to Question B, the mean Likert Scale response by owners was higher than in Question A, at 5.30. The range was from 5.91 (from those over age 65) to 4.33 (for those owners with only a high school degree).

Clearly the owners were not overwhelming in their feeling that a college degree was necessary before entering small business ownership, but they did indicate a fairly strong belief that college training had been valuable to them.

Ranking the Demographic Variables

To provide a clear summary of the results, the rankings of the various demographic variables on the two questions will be totaled, (from the highest Likert Scale ranking to the lowest) and a summary ranking will be provided. A low total score (total of rankings) indicates **stronger overall support** for the value of a college education prior to entering small business. A high total score indicates the **least relative support** for the value of a college education to the small business owner. This summary of rankings is presented in Table 2 on the following page.

Based upon the results shown in this table, a profile can be determined of the demographic variables of the owners most enthused about the value of a college education for the small business owner, before entering business, and those who are least enthused about its value

TABLE 2

THE VALUE OF A COLLEGE EDUCATION BEFORE ENTERING SMALL BUSINESS

DEMOGRAPHIC VARIABLE	QUESTION A RANKING	QUESTION B RANKING	WEIGHTED TOTAL	RANK
Age - Over 65	1	1	2	1
Industry - Construction	6	2	8	2
Education - Graduate Degree	5	5	10	3
Years In Business - Over 25	2	8	10	4
Industry - Manufacturing	4	7	11	5
Years in Business - 1 to 3	13	4	17	6
Education - Some Graduate	9	9	18	7
Age 56 to 65	3	15	18	8
Years in Business - 16 to 25	14	6	20	9
Race - Hispanic	12	14	22	10
Industry - Finance	10	17	27	11
Race - Caucasian	18	11	29	12
Number of Employees - 26 to 50	27	3	30	13
Prior Business Ownership - Over 3	7	24	31	14
Prior Business Ownership - None	20	12	32	15
Sex - Male	15	18	33	16
Failed in Prior Business - No	22	13	33	17
Age - 46 to 55	25	10	35	18
Prior Business Ownership - One	17	19	36	19
Number of Employees - 4 to 7	23	16	39	20
Industry - Retail	11	28	39	21
Race - Black	19	20	39	22
Number of Employees - Over 100	16	29	45	23
Years in Business - Under 1	8	39	47	24
Years in Business - 9 to 15	21	26	47	25
Number of Employees - 16 to 25	26	23	49	26
Number of Employees - 51 to 100	30	22	52	27
Industry - Professional	33	21	54	28
Age - 36 to 45	35	25	60	29
Age - 26 to 35	28	33	61	30
Number of Employees - 1 to 3	31	30	61	31
Industry - Wholesale	32	32	64	32
Failed in Prior Business - Yes	24	41	65	33
Industry - Service	34	35	69	34
Sex - Female	38	31	69	35
Race - Oriental	42	27	69	36
Age - Under 25	29	42	71	37
Prior Business Ownership - 2 to 3	37	36	73	38
Number of Employees - 8 to 15	36	38	74	39
Industry - Transportation	41	34	75	40
Years In Business - 4 to 8	40	37	77	41
Education - College Degree	39	40	79	42
Education - High School	43	43	86	43

Most In Favor

Those owners most in favor of a college background before entering small business ownership tended to be - older owners with a graduate education who have been in business a great number of years, or a very brief time, are Hispanic, and are in the construction or manufacturing industries.

Least In Favor

Those owners who had the lowest opinion of the value of a college education to the small business owner tended to be Oriental females under age 25 with a high school education or some college, in the service or transportation industries, with a medium-sized firm, and have been in business for several years, and have had prior business experience.

THE VALUE OF TAKING COLLEGE COURSES AFTER ENTERING BUSINESS

In contrast to the previous discussion, where we looked at views towards earning a college degree before going into business, we now look at the owner's views towards the value of taking college and university courses after they are actually operating small business firms. The following three questions were asked of the owners:

> **C. The owner or manager of a small business should seriously consider attending a college course in small business subjects if they are taught by small business experts.** (A 7 point Likert Scale was provided here, as in the previous two questions).
>
> **D. Since becoming an owner/manager of a small business, have you taken any training (courses, workshops, seminars, etc.) to help you manage your business better?** (Yes or No options were provided).
>
> **E. How pleased were you with your most recent small business training activity? (Please check one box).** Again, a 7 point Likert Scale was provided.

Question C Responses

The Likert Scale mean response to this question was 5.66, with a range from a high of 6.60 (for those under age 25) to a low range of 4.82 (for owners of firms with from 51 to 100 employees). The faculty survey revealed a mean response of 6.05 on this question. As one might expect, the faculty valued their courses much higher than the owners did, but the owner's response level was impressively high on this question.

Question D Responses

The mean percentage of owners taking training was 67.6% (surprisingly high in this writer's view), with a range from a high of 100% (for those owners under age 25), to a low of 49% (for owners with only a high school degree).

Question E Responses

The "Pleasure with Training" quotient derived from the Likert Scale responses to this question resulted in a mean response of 4.85, with a high range of 5.52 (from owners in business over 25 years) to a low of 4.05 (from owners with firms employing between 16 and 25 employees). In contrast, the faculty respondents in the writer's other research effort had a mean response of only 3.97 in response to this question. Faculty are less pleased with present course offerings for small business owners than are the owners themselves, although neither group is strongly pleased with what is presently being offered. This is an intriguing result that could and should certainly stimulate further research.

The ranking of the various demographic variables, on these three questions is presented in Table 3.

TABLE 3

THE VALUE OF TAKING COLLEGE COURSES AFTER ENTERING SMALL BUSINESS

DEMOGRAPHIC VARIABLE	QUEST. D RANKING	QUEST. D RANKING	QUEST. E RANKING	WEIGHTED TOTAL	RANK
Age - Under 25	1	2	1	4	1
Years in Business - 16 to 25	3	4	16	23	2
Industry - Retail	15	7	3	25	3
Race - Black	21	3	6	30	4
Number of Employees - 26 to 50	2	10	31	43	5
Industry - Finance	4	6	33	43	6
Prior Business Ownership - Over 3	32	5	10	47	7
Number of Employees - 4 to 7	6	29	4	49	8
Prior Business Ownership - None	20	17	13	50	9
Race - Hispanic	8	35	7	50	10
Education - Graduate Degree	6	16	28	50	11
Number of Employees - 8 to 15	3	22	30	55	12
Number of Employees - Over 100	10	9	37	56	13
Industry - Construction	22	8	26	56	14
Age - 36 to 45	11	37	11	59	15
Sex - Female	35	12	12	59	16
Education - Some Graduate	28	18	14	60	17
Age - 26 to 35	18	21	22	61	18
Years in Business - Over 25	31	1	29	61	19
Industry - Manufacturing	30	14	17	61	20
Years in Business - 1 to 3	40	15	8	63	21
Failed In Prior Business - No	19	25	19	63	22
Sex - Male	14	27	23	64	23
Race - Caucasian	17	26	21	64	24
Number of Employees - 1 to 3	39	20	5	64	25
Years In Business - 4 to 8	12	38	15	65	26
Industry - Professional	7	39	20	66	27
Education - College Degree	23	34	9	66	28
Age 46 to 55	25	24	18	67	29
Age 56 to 65	26	11	36	73	30
Prior Business Ownership - One	9	32	38	79	31
Years in Business - 9 to 15	13	28	39	80	32
Prior Business Ownership - 2 to 3	24	31	25	80	33
Number of Employees - 51 to 100	5	36	43	84	34
Years In Business - Under 1	41	42	2	85	35
Industry - Wholesale	29	19	40	88	36
Race - Oriental	36	13	41	90	37
Failed in Prior Business - Yes	33	30	35	96	38
Industry - Transportation	27	41	34	101	39
Age - Over 65	42	33	27	102	40
Industry - Service	37	41	24	102	41
Education - High School	43	23	42	108	42
Number of Employees - 16 to 25	34	43	32	113	43

The profile of the owners most in favor of, and most against the idea of college training for small business owners, **after** they are in business looks like this:

Most In Favor

Young Blacks in the finance or retailing industries, with either very little previous business experience, or a great deal, in medium sized firms, or smaller firms, and having advnaced college training.

Least In Favor

Oriental High School Grads, in the service industry, or wholesale or transportation industries, in medium large sized firms, over age sixty-five, who have failed in business previously (writer's note: a very interesting attitude towards seeking help when you have failed before) have few years in this business, and have had several prior business firms.

CONCLUSION

This is certainly not a landmark piece of research that provides conclusive proof of which business owners most and least favor or support training and education for small business. It is, however, an initial effort that provides some insight into the basic characteristics of small business owners most in favor of training. Certainly much more research is needed in this area, and this writer hopes that further studies are undertaken to determine if these initial findings are correct. There is also a need to clarify some of the conflicting and widely varying results. These findings can, however, until further studies are completed, provide rough guidelines for college faculty and administrators to use in **segmenting their markets**, and **target marketing**.

As an example, it would appear that Blacks and Hispanics are a favorable potential target market for course offerings, while Orientals seem to have limited potential as "consumers" of college small business training programs.

Those with very little small business experience, and those with a number of years of experience in small business (perhaps because they feel they need to be brought up to present levels of knowledge to meet the competition) both appear to be a good potential market for college courses.

Small business owners in the construction, manufacturing and financial industries seem to be the most receptive to seeking out help from colleges and universities, and those in the service, transportation and wholesale industries are least interested in returning to college for help.

Certainly there are a number of other preliminary conclusions that could be drawn from this study. Administrators and faculty can, and should use these findings, and subsequent research results, to create and plan courses and programs for small business owners. College faculty should "practice what they preach", and undertake initial and basic efforts aimed at target marketing to special, segmented groups of small business owners most inclined towards "purchasing" training and educational programs at colleges and universities.

APPENDIX A: AGENDA

AGENDA

Fourth Annual
Creativity, Innovation and Entrepreneurship Conference

Los Angeles Airport Marriott, Los Angeles, CA.
Friday, March 20, 1987

8:15-9:00 a.m. **REGISTRATION**

9:00-9:15 a.m. **WELCOME** **ROOMS E & F**

John R. Cox
Acting Associate Deputy Administrator
for Special Progams

9:15-9:30 a.m. **INVOCATION** **ROOMS E & F**

Father James Loughran
President, Loyola Marymount University

9:30-10:00 a.m. **KEYNOTE PRESENTATION** **ROOMS E & F**

Bell Atlantic

10:00-10:15 a.m. Coffee Break

10:15-11:15 a.m. Workshop Series I:

A) **CREATIVITY, THE KEY TO ENTREPRENEURSHIP** **ROOMS E & F**

Tips and techniques to develop creativity in your business based on real life examples.

Dr. Sidney Parnes

B) **CREATIVE PUBLIC-PRIVATE SECTOR VENTURES** **MIAMI ROOM**

A panel discussion with representatives of Bell Atlantic on their experiences and projects in developing public-private partnerships.

Bettianne Welch
Ann Lickle

C) **THE ENTREPRENEURS: WHO ARE THEY?** **SCOTTSDALE ROOM**

Review and discussion of NFIB's five year study of over 5,000 entrepreneurs examining a variety of issues including who they are, what businesses they are in and how they are doing.

Dr. William Dunkleberg
William Dennis

D) **YOUTH ENTREPRENEURSHIP:**
OAKLAND YOUTH ENTERPRISE PROJECT **ATLANTA ROOM**

A presentation on how entrepreneurship is being taught to inner city youths and adults to stimulate their opportunities to start small businesses. The project focuses on real life experiences designed to create an appreciation for the free enterprise system.

Doug Mahr
Peter Crabtree

11:30-1:00 p.m. **LUNCHEON** **ROOM D**
Speaker: WALLY "FAMOUS" AMOS

1:00-2:30 p.m. Workshop Series II

A) **DIRECT MAIL MARKETING:**
WHO ARE YOUR CUSTOMERS?
HOW TO FIND AND SELL TO THEM **ATLANTA ROOM**

A workshop presentation by one of the country's foremost experts on the INS and OUTS of successful direct mail campaigns.

Dr. George Moore

B) **MANAGEMENT TOOLS FOR THE GROWING BUSINESS** **SCOTTSDALE ROOM**

A presentation by Ernst & Whinney on various management tools available for high growth and emerging businesses. A hands-on session on how to improve your cash flow, minimize your expenses and maximize your profits.

Peter Griffth

C) **CREATIVITY: ITS PRACTICAL APPLICATIONS** **MIAMI ROOM**

A discussion and demonstration of how creativity and the creative process bring about practical and interesting products, services and concepts. Also, a discussion of how to use brainstorming as a vehicle to create a dynamic city-wide program to promote creativity, innovation and entrepreneurship.

Bruce Honig
Dr. Dan Pursuit

D) **THE ENTREPRENEUR AS A PHENOMENON** **ROOMS E & F**

A workshop designed to measure your entrepreneurial potential as well as discussing how to increase your entrepreneurial potential.

Dr. Erik Winslow
Dr. George Solomon

2:30 - 2:45 p.m. Coffee Break

3:00 - 4:30 p.m. Workshop Series III

A) **HOMEBASED BUSINESS: A CREATIVE APPROACH TO STARTING A NEW VENTURE** **ROOMS E & F**

A workshop with nationally known successful homebased businessperson discussing how she succeeded in her homebased businesses. Also, a discussion on homebased business as a creative alternative to starting a new venture.

Helen Smith
Tom Gray

B) **CONTROL DATA CORPORATION'S BUSINESS DEVELOPMENT PROGRAM: A PROGRAM TO ASSIST TODAY'S ENTREPRENEURS** **ATLANTA ROOM**

Control Data Corporation discusses how and why their Business Development program can assist the creative and innovative entrepreneur.

Gene Agerton
Mark Manente

C) MANAGING CREATIVITY & INNOVATION **SCOTTSDALE ROOM**

A workshop exploring how to become more innovative and creative while still making a profit.

Dr. Dan Stage
Dr. Alan Gray
Dr. Charles Vance
Dr. Jim Martinoff

D) CREATIVE EXPANSION FOR THE SMALL BUSINESS THROUGH ACQUISTION AND MERGERS **MIAMI ROOM**

A panel discussion on how to develop creative strategies for business expansion.

Dr. Arthur Gross-Schaefer
Howard Schaefer
Jon Schwartz
Jim Schaefer

5:00 - 6:30 p.m.

RECEPTION
HELD ON THE CAMPUS OF LOYOLA MARYMOUNT UNIVERSITY
TRANSPORTATION PROVIDED

Saturday, March 21, 1987

9:00-9:45 a.m. **KEYNOTE PRESENTATION** **ROOMS E & F**

ARTHUR LIPPER III

9:45-10:00 a.m. Coffee Break

10:00-11:00 a.m. Workshop Series IV

A) **ENTREPRENEURIAL EDUCATION** **ST. LOUIS ROOM**

Various programs and efforts to stimulate entrepreneurship by fostering a positive learning climate.

Linda Van Ballenberghe
Dr. Cathy Ashmore

B) **SETTING THE CLIMATE FOR CREATIVITY** **DENVER ROOM**

Programs and activities focusing on how to create and stimulate creativity in the public and private sectors.

Dr. Lloyd Fernald
Dr. Bruce G. Whiting

C) **CORPORATE ENTREPRENEURING** **NEW ORLEANS ROOM**

Examples of how corporate America is seeking to stimulate creative and innovative entrepreneurs to flourish and contribute to the organization.

Dr. K. Mark Weaver

D) **SBA'S DATA BASE** **ROOMS E & F**

A workshop with SBA's Office of Advocacy Chief Economist on the small business data base and its application for small business research.

Tom Gray

11:15-12:15 p.m. Workshop Series V

A) **YOUTH ENTREPRENEURSHIP: AMERICA'S UNTAPPED RESOURCES** — **ROOMS E & F**

A presentation by young entrepreneurs on their business ventures. Who they are. How they got started. Why they got started. Where they got started When they got started.

Dr. Cathy Ashmore
Raul Avila
Heather Sharp
Denise Maccianti

B) **WE DID IT SO CAN YOU !!** — **DENVER ROOM**

A panel discussion with successful entrepreneurs on their small business experiences.

Dr. W.F. Kiesner
Michael Downs
William McLaughlin
Mark Adams
Star Amador

C) **SMALL BUSINESS IN THE YEAR 2000** — **ST. LOUIS ROOM**

SBA's Chief Economist will present an slide overview on the future trends and developments in small business.

Tom Gray

D) **PROFIT! MAKING DOLLARS AND CENTS IN THE CLASSROOM** — **NEW ORLEANS ROOM**

An overview on economic education programs in the elementary grade school levels. The discussion will focus on of how to include mentors and build community support into the program.

Tom Gutherie
Raquel Gutherie

12:30 - 2:00 p.m. **LUNCHEON** — **ROOM D**

Speaker RICHARD RIORDAN

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